

MAKING LIFE'S EVERYDAY MOMENTS MORE ENJOYABLE

ANNUAL REPORT AND ACCOUNTS 2018



Making life's everyday moments more enjoyable

Britvic's vision is to be the most dynamic,
creative and trusted soft drinks company in the
world, which we will achieve through our purpose of
making life's everyday moments more enjoyable.

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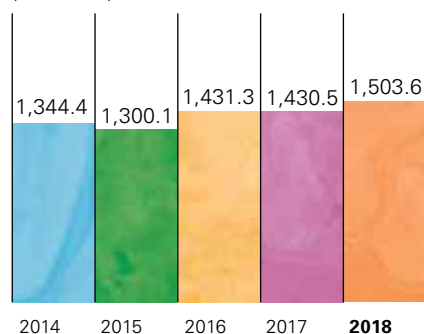
Cautionary note regarding forward-looking statements

This report includes statements that are forward-looking in nature. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as required by the Listing Rules and applicable law, Britvic undertakes no obligation to update or change any forward-looking statements to reflect events occurring after the date such statements are published.

HIGHLIGHTS

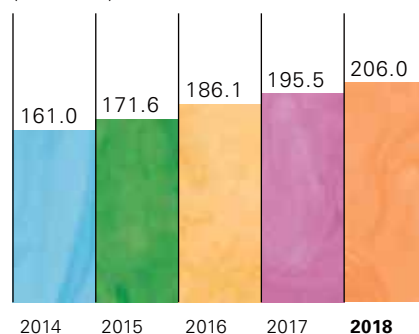
REVENUE *

(£ millions)



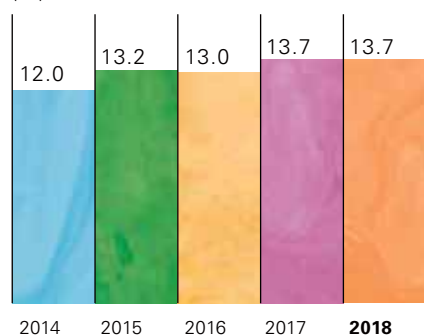
ADJUSTED EBIT **

(£ millions)



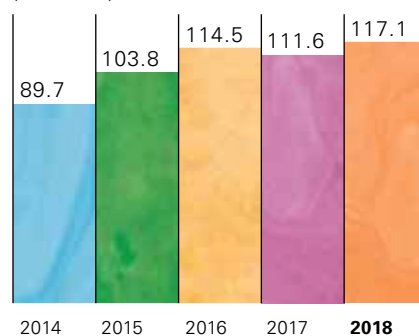
ADJUSTED EBIT MARGIN **

(%)



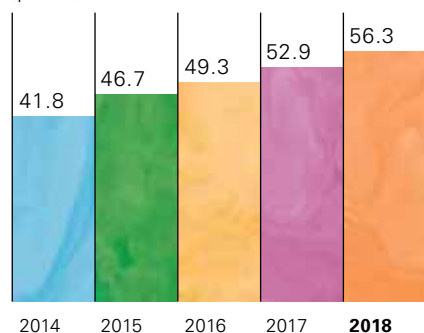
PROFIT AFTER TAX

(£ millions)



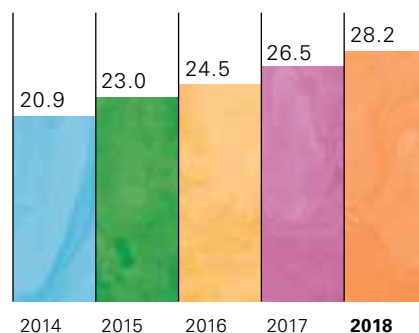
ADJUSTED EARNINGS PER SHARE **

(pence)



DIVIDEND PER SHARE

(pence)



* 2017 and 2018 are presented under IFRS 15, with 2014 to 2016 presented on a pre-IFRS 15 basis. Refer to note 33 for restatement detail.

** refer to definition in glossary

In 2018, we have continued to innovate to meet consumer needs, transform our supply chain and help consumers to make healthier choices

16%

reduction in average calories per 250ml serve across our global portfolio.

41%

revenue generated outside of Great Britain.

7.1%

revenue generated from Britvic innovation in 2018.

MAKING LIFE'S EVERYDAY MOMENTS MORE ENJOYABLE

2018 has been a transformative year; we've opened new super-fast production lines at our manufacturing sites, streamlined and integrated our Brazilian acquisitions into the business, led the industry on health, and welcomed new talent to our Board and our Executive team.



Navigating the soft drink levies in the UK and Ireland

This year both the UK and Irish governments introduced a levy on soft drinks containing more than 5g/100ml of added sugar. Britvic's strategy and long-term focus on health meant we entered the levy from a position of strength, with 94% of our owned brands below or exempt from the levy in GB and 79% below or exempt in Ireland. Today, 99% of our GB owned brands are below/exempt (90% in Ireland) and our strategy to encourage healthier choices is working; the trend towards low/no sugar has accelerated, benefiting Robinsons squash and Pepsi MAX in particular.

 Read more
see page 38

99%

of Britvic's owned brands in GB are below or exempt from the Soft Drinks Industry Levy (SDIL).



4.2%

revenue growth for GB stills.

GB stills brands return to growth

- GB stills generated a robust revenue increase of 4.2% in the full year, with strong momentum in the second half of the year. This was due to a significantly improved performance for Robinsons and J2O. Robinsons' growth has been driven by the recent innovation in the range including the introduction of Cordials, Creations and Refresh'd, along with many consumers switching into squash following the introduction of the Soft Drinks Industry Levy (SDIL) and the exceptionally warm weather over the summer. J2O's major marketing campaign featuring a cockney alpaca called Mojo, along with increased feature and display in store, as well as the benefit from the weather, resulted in J2O delivering a strong second half performance.

 Read more
see page 45





Investing in GB manufacturing

We have invested close to £240m in our business capability programme in GB over three years to be completed in 2019. In 2018, this included £100m in our Rugby site to deliver three new PET bottling lines; a new on-site warehouse; an aseptic line to manufacture preservative-free drinks; and three new can lines which are amongst the fastest in Europe, collectively producing up to 6,000 cans per minute. The investment is designed to step-change the speed and flexibility of our production lines whilst delivering environmental benefits through greater efficiencies. The investment has created around 80 new jobs at the site this year, which includes technical operators, engineers and team leaders.



Read more
see pages 24-25

£100m

invested in our Rugby site
as part of our business
capability programme.



#1

Brazil is the largest
liquid concentrates
market in the world.



Integrating Brazil into the Britvic family

Britvic acquired EBBA (Empresa Brasileira de Bebidas e Alimentos SA) in 2015 and Bela Ischia in 2017. As a result, we are now the number one supplier of concentrated dilutable drinks in Brazil, and the number two supplier of ready-to-drink juice drinks in Brazil. In 2018, the team in Brazil completed the incorporation of Britvic's ways of working, quality standards and health and safety practices into day-to-day operations, helping to integrate the Brazil business into the Britvic family.



Read more
see pages 22-23



Welcoming new Board members

We were delighted to welcome Suniti Chauhan and William Eccleshare to the Board this year as Non-Executive Directors and as members of the Britvic Audit Committee and Remuneration Committee respectively. Suniti brings mergers and acquisitions, strategy and corporate finance experience whilst William has a strong background in marketing and innovation. They are excellent additions to the Board as we look to continue to develop our business in the UK and internationally.



Read more
see pages 50-51

OUR BUSINESS AT A GLANCE

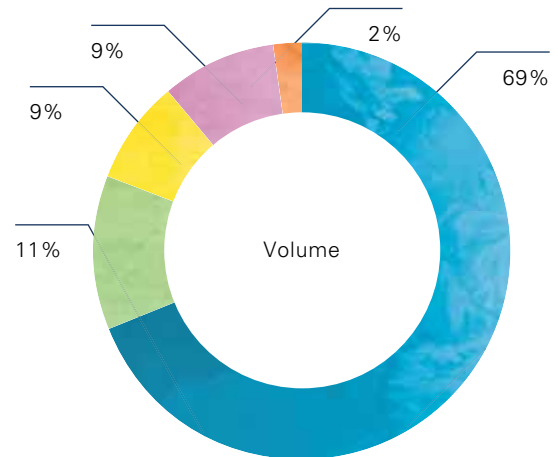
Britvic sets itself apart from its competitors through our unrivalled combination of market-leading brands and track record in innovation, our expert knowledge of the soft drinks market, long-standing and sustainable relationships with our partners, including PepsiCo, and a highly talented and committed workforce.

OUR GEOGRAPHIES

VOLUME (million litres)

Great Britain	1,664.9
France	263.0
Brazil	210.6
Ireland	221.3
International	43.8

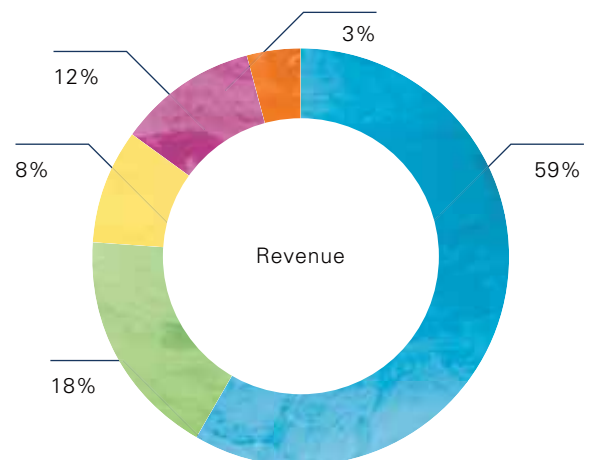
% share by region



REVENUE (£m)

Great Britain	891.3
France	269.2
Brazil	120.1
Ireland	174.0
International	49.0

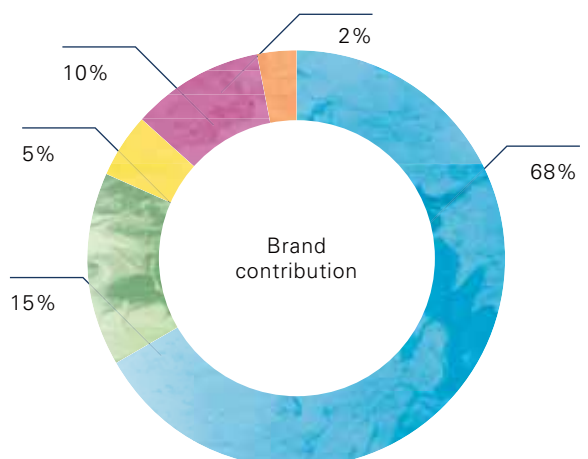
% share by region



BRAND CONTRIBUTION (£m)

Great Britain	368.3
France	81.4
Brazil	24.8
Ireland	57.1
International	10.2

% share by region



OUR BRANDS

Kids



From left to right

Fruit Shoot Hydro	Teisseire Fruit Shoot
Fruit Shoot Hydro Sparkling	Teisseire Fruit Shoot Au Jus
Fruit Shoot Juiced	Robinsons Fruit Shoot
Maguary Fruit Shoot	

Adult



From left to right

Aqua Libra	Robinsons Fruit Cordial	Ballygowan
Monte Rosso	Thomas & Evans	Sparkling Fruity
Purdey's	Teisseire Gourmet Drops	Ballygowan Still
R Whites	Energise Sport	Ballygowan Sparkling
Club Mixers	J20 Spritz	London Essence Co.
Café Spark	J20	Drench
Mathieu Teisseire	Britvic Mixers	Robinsons Refresh'd

Family



From left to right

Tango	Pressade	Robinsons Squash'd
Robinsons	Teisseire	Ballygowan
Fruit Creations	Robinsons Refresh'd	Club
Robinsons Squash	Teisseire Max	Club Zero
MiWadi	Maguary	MiWadi Mini
TK	Da Fruta	
C&C	Robinsons Fruit Cordials	

Portfolio



From left to right

7UP Free	Pepsi MAX Ginger	Mountain Dew
7UP	Pepsi	No Sugar
Pepsi MAX	Gatorade	Lipton Green Ice Tea
Pepsi MAX Cherry	Mountain Dew	Lipton Ice Tea
Diet Pepsi		

STAKEHOLDER INTERESTS



Responding to changing needs



SHAREHOLDERS

As the owners of our business, ensuring that shareholders understand our purpose, vision, strategy and performance in a clear and transparent way is fundamental to our future prospects.

How we engage

We engage shareholders regularly through results, routine announcements, meetings, roadshows and conferences.

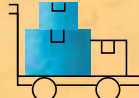
We publish our results to the London Stock Exchange, webcast our presentations and make transcripts and presentations available on our corporate website.

Relevance to business model and strategy

Investors are a key source of capital, enabling the business to invest and grow.



Read more
see pages 8-9



CUSTOMERS

Customers are key to our business. They are our route to market and we work with them as partners on joint business plans to create shared value through a category-led approach.

How we engage

We communicate on a regular basis with our customers. As well as day-to-day operational contact, we have regular reviews of joint business plans to ensure that we deliver our shared goals. We engage customers through a variety of means – from face-to-face meetings to conferences and events to calls, emails, webinars and hosting customer-facing websites/online platforms.

Relevance to business model and strategy

Our customers are our main route to market to reach consumers and we work in partnership with them to create shared value.



Read more
see pages 8-9



EMPLOYEES

Our business is nothing without its people, and attracting and retaining high-quality talent is critical to our success.

How we engage

Our culture is based on our values which are embedded into our business, as we know that having a high-trust, values-led culture is a critical enabler of business performance. For this reason, we run a company-wide annual employee recognition programme where peers nominate their colleagues who have role-modelled our values. We are proud to participate in the Great Place to Work annual survey. We support our managers to build high-trust relationships through investing in their development and training; we work with recognised trade unions across our markets; and we have mechanisms for formal engagement across our markets – for example the Employee Involvement Forum in our GB business.

Relevance to business model and strategy

Attracting and retaining great talent in our business is a critical enabler to delivering our strategy.



Read more
see pages 8-9



CONSUMERS

Our purpose as a business is to make life's everyday moments more enjoyable through providing fantastic-tasting drinks for consumers for every occasion.

How we engage

We engage with consumers in a variety of ways. We proactively ask consumers what they think and feel about our brands across our markets and categories; we continually review market data and insight to maintain our deep understanding of consumer trends; and, through our consumer engagement team, we ensure that consumers can reach us across every channel – letter, phone, email or social media.

Relevance to business model and strategy

Through our unique understanding of consumer needs and occasions we derive the insight that we need to create compelling consumer propositions for our customers and so create shared value.



Read more
see pages 8-9



COMMUNITIES

Playing our part in creating vibrant, flourishing communities – through supporting direct and indirect job creation, working with local community groups and supporting local charities – is vital as we can only thrive if the communities we operate in thrive too.

How we engage

We engage with all local stakeholders where we operate and encourage our employees to support their local community in a variety of ways, from paid volunteering to match-funding charitable giving to drinks donations, as well as supporting a variety of charities across our markets corporately, through our brands, and in partnership with our customers.

Relevance to business model and strategy

Through our *A Healthier Everyday* sustainable business programme we help our communities to thrive, as our business can only succeed if the communities in which we operate do too. Strong communities support a better quality of life socially, economically, environmentally and culturally for our employees and consumers.



Read more
see pages 8-9



GOVERNMENTS

Britvic is politically neutral. We do not make donations to political parties nor do we receive donations or services from political parties. However, the regulatory environment in which we operate can have a profound impact on our business and so we seek to engage openly and transparently with governments in our markets – directly and via industry bodies – to represent the views of our stakeholders on issues that affect our business.

How we engage

We engage with relevant government departments directly and via industry bodies. We comply with all relevant laws that regulate political activity.

Relevance to business model and strategy

We work proactively with policy makers on shared societal issues, for example the public health challenge and climate change. In addition, the public policy environment can potentially have a large impact on our ability to operate our business and we engage with policy makers on issues that affect, or could affect, our business, consumers and colleagues.



Read more
see pages 8-9

OUR BUSINESS MODEL

OUR VALUES

1

BE PROUD

2

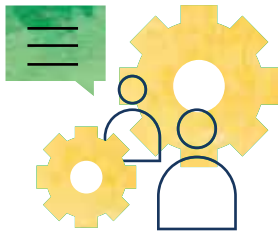
BE BOLD

3

BE DISCIPLINED

OVERVIEW

Britvic is a leader in soft drinks with a broad portfolio of leading brands. We manufacture in Great Britain, Ireland, France and Brazil. We have a commercial presence in other markets such as the Netherlands, Belgium and the USA. In Great Britain and Ireland we are a proud partner of PepsiCo, bottling and selling their range of brands alongside our owned-brand portfolio.



INSIGHT

The starting point of our business is understanding how best we can meet the diverse needs of our consumers and customers. We use our expertise to ensure we are well-placed to understand consumer needs and identify future growth drivers so we can create shared value for our customers.

Our responsible approach

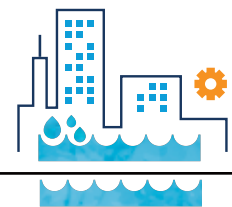
We take a category approach to insight so that we take a longer-term approach; understanding emerging trends and the wider context the category operates in as well as current consumer needs. This enables us to build brands that consumers love and to deliver retail solutions that maximise the growth opportunity for our customers now and in the future.

SOURCING

Our team takes a global approach to sourcing the raw materials we need. We spend hundreds of millions of pounds each year on commodities, packaging and other material in the manufacturing of our brands. We organise our sourcing teams based on experience of key materials and they work closely with suppliers to ensure we achieve consistent, high quality ingredients and materials at a fair price and ensure the sustainability of supply.

Our responsible approach

Britvic is committed to producing high quality soft drinks which are sourced and manufactured in a fair, ethical and environmentally responsible way. We engage with our suppliers to better understand the ethical and environmental impact associated with the materials that we purchase. We use Sedex, a supplier data platform, to review our suppliers' approach to ethical and environmental risk management and they are audited regularly so that we have the right level of assurance.



MANUFACTURING AND DISTRIBUTION

In each of our core markets we have our own factories where we manufacture the majority of our brands. We offer a range of pack formats including PET, glass and aluminium. Our main ingredients are flavour concentrates, fruit, water, sugar and low-calorie sweeteners. We also work with partners to manufacture our smaller brands, to introduce new packaging innovation and at peak times when we require additional capacity. We work with specialist transport companies to distribute our products rather than operate our own fleet of vehicles.

Our responsible approach

We operate our factories to the highest standards. We are committed to reducing the environmental impact of our manufacturing and distribution activity and targets around water, waste and carbon emissions are set annually through our 'A Healthier Everyday' sustainable business programme. We are also committed to ensuring that all of our employees work in a safe environment that supports their health and wellbeing and we monitor this closely across all of our sites.



Underpinned by our sustainable business programme – helping to create 'A Healthier Everyday' through actions large and small


HEALTHIER PEOPLE

 Read more
see pages 36-43

HEALTHIER COMMUNITIES

 Read more
see pages 36-43

4

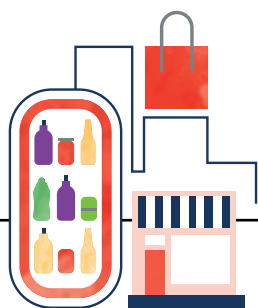
ACT WITH PACE

5

BE OPEN

6

WIN TOGETHER



CUSTOMER

Through our deep knowledge of the soft drinks category, we use our insight, sourcing and manufacturing capability to create fantastic products. We couple this with expertise and resource focused on delivering our products into market across different channels to drive category growth and create shared value with our customer partners.

Our responsible approach

We take a category-led approach and use our insight to create fantastic products that consumers want to drink, working in partnership with our customers on joint business plans to create shared value.

MARKETING

We invest in world-class marketing to build fantastic brands that our consumers love. As with many other consumer goods companies we market our brands across multiple platforms from traditional television and print through to digital and social media.

Our responsible approach

We follow relevant applicable national and local legislation and regulation and support voluntary industry codes of practice, wherever possible. Our marketing also complies with all other relevant Britvic policies, such as the Ethical Business Policy and our Responsible Marketing Code, whereby we do not advertise to under 12s and do not advertise high sugar products to under 16s.



THE VALUE WE CREATE FOR OUR STAKEHOLDERS

Shareholders

£71.7m of dividends paid to shareholders in 2018.

Employees

We provide jobs and salaries, creating local purchasing power. In 2018, £165.6m was paid in salaries and wages.

Communities

£70k donated to good causes through our employee community support programmes (including the value of employee volunteering time) and 1,500 hours of volunteering by our employees.

Suppliers

By manufacturing regionally, using local and national suppliers, the beneficiaries of our value creation are geographically widespread.

Government

Through paying taxes in the markets where we operate, we support the development of public infrastructure, healthcare, education and local services.

Customers

We build and maintain long-term, high trust relationships with our customers to co-create joint business plans.


HEALTHIER PLANET


Read more
see pages 36-43

CHAIRMAN'S STATEMENT



John Daly
Chairman



Review of the year

I am delighted to have the opportunity to write to you as we report our results. 2018 was my first full year as Chairman, following my appointment in September 2017, and it has been a pleasure to work with Simon, Mat and the rest of the Executive team and Board. Our 2018 results have delivered another year of revenue and adjusted EBIT growth, with revenue increasing 5.1% to £1,503.6m and adjusted EBIT increasing 5.4% to £206.0m. Statutory profit after tax increased by 4.9% as we incurred one-off costs, including provisions related to our strategic supply chain project and the closure of the Norwich factory, which is scheduled to close towards the end of 2019.

During 2018, the Executive team has made further progress in executing the strategy, including:

- Managing significant change related to the business capability programme. The Board visited the Rugby site this year; the level of change undertaken while keeping the factory open for business is a testament to the dedication of the project team and the vision for the future that the Executive team have for Britvic
- Bringing to market innovation and rejuvenating some of our core brands. The focus on healthier options across the portfolio gives me confidence that we are building a business that can capitalise on emerging consumer trends.

To deliver another year of excellent financial and strategic progress the team has overcome significant macro challenges. This includes the well-publicised shortage of carbon dioxide that caused disruption industry-wide, as well as the introduction of soft drink levies in the UK and Ireland, and retailer bad debt.

Capital return

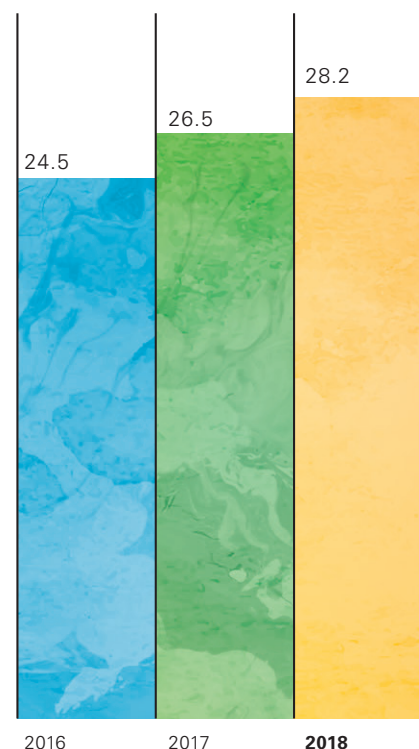
As a result of the financial progress made this year, the Board has proposed a final dividend of 20.3p, an increase of 5.2% on the 2017 dividend. The total dividend for the year is 28.2p, representing an increase of 6.4% on last year. The Board is committed to a progressive dividend policy, which has returned over £585m to shareholders since flotation.

Corporate culture

The Board and Executive team have a vital role to play in shaping and embedding a healthy corporate culture, and this continued to be a focus in 2018. Our responsible, inclusive and diverse culture, and the values by which we hold ourselves accountable, ensure that our colleagues consistently do the right thing for our stakeholders. Of course, there is always more to do and getting this culture right is critical to our success in an increasingly competitive environment.

DIVIDEND PER SHARE (pence)

28.2p



Directors

In November last year we announced the appointment of Suniti Chauhan and William Eccleshire who have both made a significant contribution to the Board this year. Ben Gordon stepped down as a Non-Executive Director, which I shared in my statement last year. We are very grateful for his service and contribution over the years and we wish him well for the future. More recently, in October 2018, Mat Dunn, Chief Financial Officer, informed the Board of his intention to take up the role of CFO at ASOS plc. Mat has made a significant and positive impact since joining Britvic three years ago, and on behalf of the Board I would like to thank him for the contribution he has made.

The composition of the Board brings a range of views and experience to Britvic and both supports and challenges the Executive team in the execution of the strategy. The Board and the Executive team spent time together earlier this year shaping the strategic focus for the coming year. As well as regular board meetings, the Non-Executives are on-hand to support Simon and his team throughout the year. As Chairman, I have met several investors in the last 12 months, both existing and prospective shareholders.

Remuneration

Our approach to reward aims to link remuneration with the delivery of the Group's key strategic objectives while delivering long-term, superior and sustainable returns to shareholders. We believe in offering fair remuneration, where colleagues are rewarded for performance aligned to the long-term sustainable success of the business.

More information on how we ensure that our approach to remuneration supports our strategy is available in the Directors' Remuneration Report on page 68.

Looking ahead

Twelve months on from my appointment, I remain confident in the long-term prospects of the business. Britvic has a fantastic portfolio of brands and a dedicated and passionate team working hard to deliver excellent outcomes. Over the last year, I have seen this passion and dedication at first hand and I want to take this opportunity to thank every one of the team for their hard work and loyal service. Britvic is in a strong position and the Board is confident that the strategy and the Britvic team will continue to deliver growth in the future. The AGM will be held at 11am on 31 January at the offices of Linklaters LLP (One Silk Street, London, EC2Y 8HQ) and we look forward to seeing you there. Further information is available in the Notice of Meeting which is available on the Britvic website at www.britvic.com/agm.

John Daly
Chairman
28 November 2018



Twelve months from my appointment, I remain confident in the long-term prospects of the business.



J2O: Find your Mojo

J2O is helping consumers find their social mojo in its latest campaign with the help of its new brand ambassador, a cockney alpaca named Mojo, featuring at the heart of the campaign. Mojo's mission is to help enliven social occasions with his cockney pearls of wisdom and a bottle of J2O.

CHIEF EXECUTIVE OFFICER'S STRATEGIC REVIEW



Simon Litherland
Chief Executive Officer



This year we have delivered another strong financial performance in a challenging environment and we have continued to progress our long-term strategic goals. During the year we faced numerous headwinds, including the introduction of the SDIL, disruption from the temporary shortage of carbon dioxide (CO₂) in GB and Ireland during a period of prolonged hot weather, and the impact of multiple business failures in our customer base. Against this backdrop, our results are even more impressive and demonstrate the resilience of the business, the strength of our broad portfolio, the quality of our team and the strong relationships we have with our customers and partners.

With balanced revenue growth and margin improvement, we have grown adjusted EBIT 5.4% to £206m. Since launching the strategy in 2013 we have delivered adjusted earnings per share CAGR of 9.8%, a dividend per share CAGR of 8.9% and total shareholder returns significantly ahead of both the FTSE100 and FTSE250.

Below I will headline our performance against our four strategic pillars:

Generate profitable growth in our core markets

GB

In a turbulent market we have successfully executed our commercial plans, growing our carbonates and stills portfolios and gaining market value share. The GB soft drinks market (as measured by Nielsen) has continued to grow this year, in both volume and value, with the second half of

the year particularly strong, benefiting from the exceptional summer weather. As we anticipated, the introduction of the SDIL and our transparent approach of differential pricing has accelerated the consumer trend of switching away from higher sugar drinks into low and no sugar alternatives. This has benefited our broad portfolio of low and no sugar brands, with Pepsi MAX, Robinsons, 7UP Free, J2O and Tango all in revenue growth. We remain confident in our approach to the levy and believe the continued evolution of consumer trends offers us further opportunities for growth.

This year, we leveraged the strength of the Robinsons brand with the introduction of new premium ranges, Creations and Cordials. These have been a success, growing both the brand and the squash category. We have also gained market share and expanded penetration by increasing the number of households buying the brand. J2O has benefited from an upweighted marketing campaign, increased feature and display in store and growth in the sparkling Spritz variant. Fruit Shoot declined this year, primarily due to continued competitive pressure and a decision to focus on value by reducing the number of price promotions. As part of our ongoing brand rejuvenation plan, we have launched a new 50% juice variant, called 'Juiced', that is all natural and has school compliance accreditation, and a sparkling water variant. We also maintained our focus on increasing our presence in categories that are small today but offer long-term growth potential, including the launch of Aqua Libra, a sparkling

unsweetened flavoured water, and we continued to invest in Purdey's, our natural energy offering.

We highlighted in our third quarter trading statement that performance in the second half of the year was disrupted by the shortage of CO₂ across Western Europe, which limited the production of carbonated soft drinks. We were unable to capitalise fully on the hot weather in July and August as we navigated the CO₂ shortage, but have now successfully recovered, as evidenced by Pepsi regaining significant market share in September.

France

It has been a challenging year in France. The soft drinks market (as measured by IRI) declined, with poor weather having a significant impact on the syrups category. The majority of our revenue decline was in private label sales, while the revenue from our branded syrups range and Fruit Shoot brand saw a more modest reduction and a corresponding loss of market share, in the face of intense competition. Pressade, our juice brand, continued to grow, building on its organic credentials.

We continued to focus on growing margins and bringing to market new ranges to meet evolving consumer needs. We recently launched a premium Teisseire syrup range, 'Fraîcheur de Fruits', that has 85% juice and less added sugar, to broaden the appeal of our syrups to more consumers. In the kids' category, we have also launched Fruit Shoot 'Au-Jus', a 50% juice variant that follows the launch of 'Juiced' in GB.

6 REASONS TO INVEST IN BRITVIC


1 Britvic operates in a resilient and growing category, and understands consumer needs:

- A 'better for you' portfolio which is moving ahead of the market on reformulation.
- Extending our core brands into new occasions through premiumisation and different pack formats.
- Targeting emerging, fast-growing categories that offer long-term growth potential, such as natural energy and premium adult socialising.


4 A portfolio weighted towards low and no sugar:

- In GB and Ireland, we focus on low and no sugar brands such as Robinsons, J2O, Pepsi MAX, MiWadi and Ballygowan, with 89% of our combined portfolio in GB and Ireland below or exempt from the Soft Drinks Industry Levy and Sugar Sweetened Drinks Tax.
- In France and Brazil we have introduced new products including Teisseire Fraicheur de Fruits in France and in Brazil we recently launched Maguary Uno – a concentrate that removes the need for consumers to add sugar.


2 A portfolio of market leading brands:

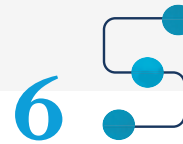
- In GB and Ireland, we have a full portfolio of market leading owned brands.
- We are also the bottler for PepsiCo in GB and Ireland.
- In France and Brazil, we have a smaller portfolio, but they include market leading brands in their categories.


5 Growing international presence:

- 41% of our revenue is now generated outside of GB.
- Since IPO we have made acquisitions in Ireland (2007 & 2017), France (2010) and Brazil (2015 & 2017).
- Our brands are available in 50+ countries, including the Netherlands, Belgium and the USA.


3 Strong market positions:

- In GB and Ireland, we are the number one supplier of branded still soft drinks and our portfolio can be found in all retail channels.
- In France we are the number one syrups supplier.
- In Brazil we are the number one supplier of concentrates.


6 Long-term track record of growing shareholder value:

- Our revenue CAGR has been 3.9% (2013 to 2018).
- Margins have increased by over 300bps.
- This has translated into an EPS CAGR of 9.8% and a dividend CAGR of 8.9%.

Ireland

Our strong market position and broad portfolio of low and no sugar brands have delivered another strong financial performance, despite a shortage of CO₂ and the introduction of the Sugar Sweetened Drinks Tax (SSDT). Successful revenue management and positive pack mix has resulted in robust price realisation and has also driven excellent market value share growth, led by our squash brands and Ballygowan water. The incremental benefit of the East Coast wholesale acquisition was fully realised in the first half of the year. This acquisition has enabled us to accelerate the distribution of Britvic brands in the growing Dublin on-trade sector.

Realise global opportunities in kids, family and adult categories

In Brazil we have continued to invest for the long term, against a backdrop of macro uncertainty and a difficult consumer environment, including the national truckers' strike in the third quarter. The Bela Ischia acquisition is now integrated and delivering synergies ahead of guidance, and it has enabled us to expand both market and channel coverage. Our focus on the longer-term opportunity is being realised by leveraging our group capability and range. We continue to roll out Fruit Shoot into new regions, and we have recently launched a new concentrate solution, Maguary Uno, to broaden the brand's consumer base by increasing ease of use and affordability.

In the USA we have focused on improving the visibility and on-shelf position of Fruit Shoot multipack to drive rate of sale and brand awareness, and we have also increased our distribution. We expanded the range with the introduction of Hydro and Hydro sparkling water, which has also helped secure additional shelf space. Fruit Shoot also remains the number two brand in the single serve kids' market. Progress this year has been encouraging and we will continue to pursue the multi-pack opportunity, where scale is essential to achieving sustainable profitability.

In the Benelux markets we have continued to focus on improving the underlying profitability of the business, offering a stronger platform to enable future growth. Teisseire distribution and share has increased in Holland, and we continue to expand the portfolio into adult soft drinks. In the travel sector we absorbed the loss of Monarch Airlines, due to administration, exited unprofitable contracts and secured new, higher margin listings for brands including J2O and Purdey's.

CHIEF EXECUTIVE OFFICER'S STRATEGIC REVIEW CONTINUED



How sustainable is the revenue growth in GB stills?

We believe the growth we are delivering is sustainable. GB stills generated a robust revenue increase of 4.2% in the full year, with strong momentum in the second half of the year. This was due to a significantly improved performance for Robinsons and J2O. Robinsons' growth has been driven by the recent innovation in the range including the introduction of Cordials, Creations and Refresh'd. J2O's major marketing campaign featuring a cockney alpaca called Mojo, along with increased feature and display in store, resulted in J2O delivering a strong second half.



What were the main drivers of growth for carbs?

We have delivered another year of growth for brand Pepsi, driven by sugar-free MAX which generated more incremental value growth than any other cola variant in 2018. Taste remains the #1 driver of cola choice and this year's Taste Challenge again showed that MAX was the favourite cola with 61% preferring sugar-free MAX to Coca Cola classic. At the same time, our owned brands, R Whites and Tango, were both in revenue growth this year.



What impact has the Soft Drinks Industry Levy had on the category?

The soft drinks category continues to grow in both volume and value terms following the implementation of the levy. Britvic's strategy and long-term focus on health meant we entered the levy from a position of strength. Today, 99% of our owned brands are below/exempt from the levy in GB (90% in Ireland) and our strategy to encourage healthier choices is working; the trend towards low/no sugar has accelerated, benefiting Robinsons squash and Pepsi MAX in particular.

Our portfolio of adult brands gives us a platform to drive premiumisation in the category as well as enabling us to fully participate in the demand for new soft drinks in traditional alcohol-led occasions. It is still very early days in the development of the broader premium adult socialising category, and it will require long-term focus to build brands in this space, especially in the on-trade channel.

Continue to step change our business capability

We are nearing the end of the capital investment phase of the transformational business capability programme (BCP), which will give us a strong platform for growth in the years ahead. Work at the sites in London and Leeds is now finished. In 2019 we will complete the investment in Rugby and close the Norwich site towards the end of the year. This has been a difficult time for the Norwich employees and I want to pay tribute to their continued dedication. In Rugby, we have completed the installation of three new can lines and made good progress with the on-site warehouse, aseptic and PET lines. The dedication of the team enabled us to navigate a challenging year. As well as the planned operational works, the team overcame the temporary shortage of CO₂ in GB and Ireland, at the same time as both markets were enjoying exceptionally warm weather. Upon completion, the GB production network will be comprised of three sites located along the spine of the country in London, Rugby and Leeds. This will increase efficiency, reduce road miles, and help accelerate our ability to respond to changing consumer trends with agility and pace by expanding our range of liquids, pack sizes and configurations.

Build trust and respect in our communities

Building trust and respect in our communities continues to be a key part of our strategy and we have made further progress in 2018 through our 'A Healthier Everyday' programme. We have reduced our calories per 250ml serve by 16% this year with absolutely no compromise on taste; a fantastic achievement of which everyone at Britvic is rightly proud.

We continue to take steps to help our employees and our communities thrive. We are proud to have just launched a three-year strategic partnership with Diabetes UK (DUK), where we will contribute to programmes to support children with Type 1 Diabetes and their families through a combination of corporate support and employee donations and volunteering. We are also working with DUK to help our employees take care of their health and wellbeing.

We are delighted to have reduced our carbon emissions relating to production by 14% this year. We also continue to take steps to reduce the impact of our packaging. In 2018 we removed an additional 600 tonnes of primary plastic packaging through light-weighting; trialled the use of recycled PET; and invested in UK recycling infrastructure through choosing to buy domestic Packaging Recovery Notes. We also signed up to the UK Plastic Pact's 2025 targets including achieving 30% recycled PET. We helped engage consumers through our continued support of the 'Keep Scotland Beautiful' anti-littering campaign and encouraged recycling and re-use of plastic at the Wimbledon Championships through our historic sponsorship with Robinsons.

In 2019 we will continue to play our part to increase recycling, reduce littering and help create a circular economy in plastics. We note the Chancellor's proposal to introduce a tax on the manufacture and import of plastic packaging which contains less than 30% recycled plastic in April 2022. We welcome that the government will also consult on potential reform of producer responsibility and the Resources and Waste Strategy and we will engage constructively in their development of a holistic solution.

Outlook

While political and economic uncertainty will undoubtedly continue, we have consistently demonstrated that we are a strong, agile business, operating in a resilient category. With exciting plans for our portfolio of leading brands across our markets, we are confident of continuing to make further progress in the coming year.

Simon Litherland
Chief Executive Officer
28 November 2018

OUR EXECUTIVE TEAM



From left to right

Simon Litherland – Chief Executive Officer
 Clive Hooper – Chief Supply Chain Officer
 Mathew Dunn – Chief Financial Officer
 Matt Barwell – Chief Marketing Officer
 Kevin Donnelly – Ireland Managing Director
 Zareena Brown – Chief Human Resources Officer
 Hessel de Jong – International Managing Director
 Paul Graham – GB Managing Director
 João Caetano de Mello Neto – Chief Executive Officer, Britvic Brazil
 Olivier Mercier – Managing Director, France
 Steve Potts – Chief Information, Transformation and Digital Officer
 Jonathan Adelman – Company Secretary



Read more on
pages 52-53



Zero sugar, lip-smacking lemon taste

A quintessentially Irish brand, Club has excited consumers' palates since it was first developed in Dublin in the 1930s. Renowned for its superior taste and texture (the 'bits'), Club can now be enjoyed sugar-free with Club Zero.

MARKET DRIVERS

Market drivers

What's happening?

1

Healthier choices:
Sugar reduction and demand for 'all natural' products are key drivers influencing soft drink purchasing decisions

- The desire to live healthier lifestyles is perhaps the most significant and persistent global megatrend impacting beverages.
- This includes increased anti-sugar sentiment, along with consumer demand for preventative nutrition, 'clean labelling' – i.e. all natural, 'store cupboard' ingredients, daily hydration and hyper-sensitivity to unfamiliar ingredients/additives.
- According to Euromonitor's international survey¹, sugar reduction is at or near the top of consumer concerns with regards to food and beverage intake in every global region, with considerable growth in concern between 2015-2018. This is a truly global concern with obesity now a bigger global public health challenge than malnutrition. Studies forecast that about a fifth of all adults around the world will be obese by 2025².

2

Premiumisation:
A drive towards premium options and tailored experiences

- Shoppers are looking for higher quality, better ingredients with authentic provenance, which is driving increasing demand for indulgent premium soft drinks.
- In 2017, 65% of consumers said they would pay more for a premium product³ and premium soft drinks grew 32% (£74m)⁴. The trend is being fuelled by the ageing population combined with rising global wealth and disposable income, prompting consumer demand for sophisticated propositions and new tailored experiences.
- Consumers are also making conscious efforts to reduce alcohol consumption⁵ but do not want to feel deprived. This rising alcohol avoidance continues to drive demand for more complex adult soft drinks suited to occasions typically associated with alcohol.

3

Convenience:
The retail landscape is adapting to consumer demand for convenience

- The traditional retail landscape continues to change. Consumers expect to find the right product, in the right place, at the right time. To capitalise on this expectation, retailers are seeking to capture as many shopper occasions as possible through consolidation (e.g. Tesco/Metro/Booker) and diversification (e.g. mini supermarkets in petrol stations and university campuses, coffee shops in clothes stores, convenience stores in hospitals).
- More consumers are shopping online. In the UK, online purchases delivered 8.3% of soft drinks value in 2017. This is projected to grow to 13.5% by 2025 if online purchasing growth continues at the same rate⁷.
- The biggest growth channel continues to be discounters as shoppers increasingly shift spend towards better value options. Whilst this may appear contradictory to the focus on premiumisation above, it is driven by the discounters offering more choice which includes premium ranges.

4

Sustainability:
Circular economy for plastics packaging

- Through a combination of powerful campaigns, activism and scientific research, we are all increasingly aware of the impact that packaging waste, in particular plastics, is having on our environment.
- Three areas underpin the focus on the environmental impact on plastic packaging:
 - Plastic growth – Production and use of plastics has been growing exponentially.
 - Increase in waste and slow progress on recovery and recycling – Globally only 14% of plastic packaging is collected for recycling and 40% of global plastic ends up in landfill⁸.
 - Plastic leakage to the environment – There is significant leakage of plastic packaging into the environment and in particular the ocean. The Ellen MacArthur Foundation predicts there will be more plastic than fish in the oceans by 2050¹⁰.
- Consumers are increasingly concerned about the amount of plastic packaging they use, with 59% of consumers claiming they are doing more to reduce the amount of plastic waste that they generate compared to last year¹¹. However, shoppers still value convenience and price, and sentiment is not currently translating into plastic-free behaviour¹².

▶ Britvic's insight team tracks the consumer and market trends impacting the soft drinks category to ensure our business strategy is optimised to capitalise on value-creating opportunities.

The impact

- Public health is increasingly seen as a societal challenge, with obesity and associated non-communicable diseases putting pressure on health services, and so accountability for dealing with it is shifting from individuals to society with government-led interventions, whether through direct measures such as taxes on unhealthy products or ingredients ('sin taxes'), or by imposing restrictions and obligations on businesses.

- Adult soft drinks are a growing opportunity for manufacturers, representing a premium, attractive alternative for everyday consumption and on special occasions.
- Craft and artisanal soft drinks products continue to gain momentum.
- Plant-based formulations (e.g. coconut and other plant waters) with a premium, single-serve positioning are gaining popularity.
- We're seeing increased availability of lower alcohol, alcohol-free, and premium soft drinks which address the social, political and economic concerns associated with alcohol consumption and drive demand for no/low alcohol alternatives. Low and no alcohol sales grew +20.1% to £35m in 2017.⁶

- Online retailers, convenience stores and discounters are increasingly gaining relevance due to the convenience of shopping they provide paired with extensive choices and easy product-price comparison.
- Discounter growth is expected to continue, with more store openings planned for the next five years (e.g. Aldi is building 70 new stores in 2018)⁸.

- Across Europe specifically, we are facing increasing regulatory action to manage the environmental impact of plastic packaging at the end of life, including Deposit Return Schemes and fiscal measures. This, combined with mounting pressure from consumers for more sustainable packaging, is increasing the focus and investment of fast moving consumer goods businesses on creating a more circular economy.

How our strategy is optimised to respond

- Health is embedded in Britvic's business strategy and as an industry leader on health, we've taken bold steps to help consumers make healthier choices.
- Our approach: (i) Reformulation to reduce calorie content with no compromise on taste or quality; (ii) continual innovation weighted towards 'better for you' products; (iii) using the power of our brands responsibly to enable consumers to make informed choices.
- To find out more, please see our sustainability report on pages 36-43.

- Britvic is well-placed to capitalise on the premiumisation trend, having invested significantly in premium innovations and brand extensions such as: Robinsons Cordials, Purdey's natural energy multi-vitamin drink and our Mathieu Teisseire bar tender range.
- Britvic's incubator company, WiseHead Productions, launched the super-premium and naturally light London Essence Company tonics and sodas which are now available in 26 cities around the world, in the most sophisticated bars and restaurants.

- Britvic's diverse portfolio and flexible supply chain capability combined with our strong customer relationships mean that we are well-positioned to make the most of the evolving retailer landscape.
- Our portfolio of market-leading owned brands and PepsiCo products, and wide range of SKUs and pack sizes, means that we can deliver what our broad range of customers require to deliver the right products to their consumers and so create shared value for ourselves and our customer partners.

- We understand the environmental impact that packaging can have at the end of its life, and we are committed to playing our part to reduce this.
- All of our PET plastic packaging is fully recyclable in the UK recycling system and our packaging carries the on-pack recycling label to encourage our consumers to recycle.
- We are committed to increasing the amount of recycled materials used in our PET bottles. We have already eliminated over 600 tonnes of primary plastic packaging in GB through light-weighting our bottles in 2018.
- We continue to invest in research and development to investigate the use of alternative sustainable materials to package our products and help minimise our environmental footprint while upholding the highest quality and safety standards.
- To find out more, please see our sustainability report on pages 36-43.

42%

of consumers claim to proactively seek products that improve their health.

43%

of consumers are actively trying to reduce their consumption of sugar.

48%

of consumers are actively choosing soft drinks with low or no sugar.

58%

of consumers find the claim "zero sugar" appealing in soft drinks.



Read more
see pages 18-19

- Euromonitor – Soft Drinks Global Industry Overview slide 26 https://www.warc.com/content/article/euromonitor-strategy/soft_drinks_global_industry_overview/121635
- source: Lancet Journal: Trends in Adult BMI, pg 1389 <https://www.thelancet.com/action/showPdf?pii=S0140-6736%2816%2930054-X>
- CGA Peach Brand Track April 2017
- CGA OPMS On Trade MAT 30.12.2017
- GlobalData 2016 Q4 global consumer survey
- Nielsen & CGA, Total Market, MAT TY to Dec 2017
- Kantar Worldpanel global ecommerce report
- Kantar Worldpanel Total Grocery, 12 w/e data to 08 Oct 2017
- Ellen MacArthur Foundation: The New Plastics Economy <https://www.ellenmacarthurfoundation.org/publications/the-new-plastics-economy-rethinking-the-future-of-plastics>
- Ellen MacArthur Foundation: The New Plastics Economy <https://www.ellenmacarthurfoundation.org/publications/the-new-plastics-economy-rethinking-the-future-of-plastics>
- Kantar Worldpanel LinkQ survey, Feb 2018
- IRI Hot Topic: We're Living in the Plastic Age Report May 2018

OUR STRATEGY AT A GLANCE



Generate profitable growth in our core markets

Increase our participation in growing categories and channels through investing in our brands, innovation and commercial execution

What we achieved in 2018

- Successfully navigated the Soft Drinks Industry Levy (SDIL) in the UK and Sugar Sweetened Drinks Tax (SSDT) in Ireland through the breadth of our portfolio and strength in low and no sugar variants.
- Successfully offset cost inflation through a combination of revenue management initiatives and cost efficiency.
- Launched new, premium ranges of Robinsons that have returned the brand to revenue growth and market value share gains.
- Relaunched J2O with new, improved packaging and liquids. Supported by a major marketing campaign featuring Mojo the alpaca.
- Increased revenue from innovation in small, fast growing, categories such as Natural Energy (Purdey's) and 'unsweetened' sparkling water (Aqua Libra).

The year ahead

- Continue to invest in recent innovation launches to ensure the best possible chance for long-term success.
- Leverage our low and no sugar portfolio to maximise the opportunity arising from the SDIL in the UK and SSDT in Ireland.
- Maximise the value of our partnership with Pepsi.
- Continue our revenue management initiatives and cost efficiency focus.



Read more
see pages 20-21



Realise global opportunities

Generate more revenue from outside our core markets, either by selective acquisition or new partnership or distribution agreements

What we achieved in 2018

- In Brazil we have continued to invest for the long-term. Bela Ischia is now fully integrated and has expanded our geographic and channel coverage. We have utilised our group capability to launch easier to use, more affordable innovation to expand our participation in the concentrates category.
- Delivered Fruit Shoot revenue growth in the USA with increased presence for the multi-pack format in the scale grocery channel.
- Listed London Essence Company premium mixers and sodas in targeted cities including Amsterdam, New York and Singapore.

The year ahead

- Invest in Fruit Shoot in the USA to drive scale in the grocery channel.
- Expand distribution of premium adult brands into new international markets.
- Combine our group and local capability to bring new products to market in Brazil.



Read more
see pages 22-23



Step-change our business capability

Ensure we have a great team to achieve our vision and the right infrastructure to deliver our growth ambitions

What we achieved in 2018

- Our Leeds factory investment was completed with two new PET lines and an on-site warehouse installed and fully operational.
- Further progress was made at our Rugby factory with three new can lines fully operational and the on-site warehouse nearing completion.

The year ahead

- Complete the installation of three new PET lines and an aseptic production line in our Rugby site.
- Complete the installation of a combined heat and power plant and on-site high bay warehouse at Rugby.
- Close the Norwich site and transfer production to our Rugby, London and Leeds sites.
- Overall, complete the business capability programme and optimise the supply chain network to prepare for delivery of the cost benefits in 2020.



Read more
see pages 24-25



Build trust and respect in our communities

Through our '*A Healthier Everyday*' sustainability programme with a focus on healthier people, healthier communities and a healthier planet

What we achieved in 2018

- A 16% reduction in average calories per 250ml serve across our global portfolio, compared to 2017 with absolutely no compromise on taste.
- A 14% reduction in manufacturing carbon emissions relative to production compared to 2017.
- Signed up to the UK Plastics Pact's 2025 targets including achieving 30% recycled PET content.

The year ahead

- Deliver our 2019 KPIs across each of our *A Healthier Everyday* pillars.
- Develop our 2025 *A Healthier Everyday* strategy, establishing stretching new sustainability goals for the business, including science-based targets.
- Launch our three-year strategic partnership with Diabetes UK.



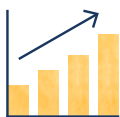
Read more
see pages 26-27

STRATEGY IN ACTION



Generating profitable growth
in our core markets

**Growing through
innovation:
more premium,
more healthy,
more enjoyable**



7.1%

revenue generated from
Britvic innovation in 2018.



26

WiseHead Productions brands are now
available across 26 cities globally.



No.1

Robinsons Fruit Creations is the no.1
soft drinks launch in two years.

Our approach to innovation

Our investment in innovation is paying dividends. Britvic brand innovation delivered 7.1% of total revenue in 2018 – a record contribution.

Our investment in innovation is focused on being margin accretive and realising category and channel growth opportunities, in three key areas:

1. Creating a healthier portfolio, moving ahead of the market on reformulation and ensuring new products are predominantly low/no sugar.
2. Utilising the strength of our core brands into new occasions through premiumisation and different pack formats, as we have done with Robinsons with Fruit Creations, Fruit Cordials, Refresh'd and Squash'd.
3. Targeting emerging, fast-growing categories that offer long-term growth potential, such as the growing energy market, with our natural energy drink Purdey's, and premium adult socialising with brands such as London Essence Company.



The launch of Robinsons Fruit Cordials marked the brand's first entry into the premium cordials sector, targeting adults looking for more sophisticated, premium soft drinks.

Innovating to create *A Healthier Everyday*

2018 healthier Innovation highlights include:

- Robinsons Fruit Creations and Fruit Cordials launched in GB, generating £25m retail sales value. Fruit Creations is the number one soft drinks launch in the last two years and Fruit Cordials is already the number three premium squash brand.
- Aqua Libra launched in GB and Ireland in October 2017, a sparkling, natural fruit-flavoured water that is completely unsweetened.
- In Ireland, we added a new lemon variant to our sugar free 'Club Zero' range, plus two new 'Super Fruity' variants to our MiWadi 0% Sugar range which are sweetened only with fruit juice and stevia, and fortified with added vitamins B3, B6 and zinc.
- In Brazil we relaunched Natural Tea with two new sugar free flavours, appealing to consumers looking for natural healthier beverages.

Capitalising on trends

As well as placing health at the heart of our innovation strategy, we're focusing on consumer demand for more enjoyable, convenient and more premium experiences.

- We are capitalising on the trend for premium cocktails and flavoured hot drinks with the relaunch of our out-of-home Syrups and Purées range under the Mathieu Teisseire brand.
- We now have nine products in the London Essence Co. range which is dedicated to growing our participation within the super-premium mixers and sodas category
- We're also growing our premium 'zero-proof' (alcohol-free) range which includes Monte Rosso and Thomas & Evans, in line with the growing trend towards consumers reducing alcohol consumption and seeking high quality alternatives.
- We know that consumers are looking for convenience whether at home or on the go. That's why we have broadened our Robinsons range to include Squash'd, a low sugar option to flavour water on the go, as well as introducing Robinsons on draft in many foodservice outlets and ready-to-drink Robinsons Refresh'd.



We've dedicated our innovation pipeline to our consumers; their tastes, their lifestyles, their ambitions, their challenges, and their pursuit of enjoyable moments anytime, anywhere. By putting the consumer at the heart of what we do, we are building a full portfolio of drinks that are drunk by more people, on more occasions, more often.

Matt Barwell
Chief Marketing Officer, Britvic Plc

STRATEGY IN ACTION
CONTINUED



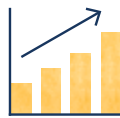
Realising global opportunities in
kids, family and adult categories

Expanding market coverage & channel reach in Brazil



1,600

employees in Brazil.



1st

Brazil is the largest liquid
concentrates market in the world.



No.1

Maguary is the no.1 concentrates brand
in Brazil by volume and value.



“Despite a challenging macro environment, I am proud of what we have achieved this year. The Bela Ischia acquisition is now integrated and our focus on the longer-term opportunity is being realised by leveraging our group capability and range.

João Caetano de Mello Neto
Chief Executive Officer, Britvic Brazil

Britvic in Brazil

In 2015 and 2017, Britvic acquired Brazilian soft drinks companies EBBA and Bela Ischia respectively, giving Britvic access to the sixth largest soft drinks market and largest liquid concentrates market in the world.

The acquisitions established Britvic as a significant player in the Brazilian soft drinks market with a strong footprint in all key regions, including Rio de Janeiro, Minas Gerais and São Paulo. We now have distribution access to the three largest states by GDP in Brazil, with Rio de Janeiro and Minas Gerais accounting for more than half of the total concentrates market in Brazil.

In 2018, we have continued to invest for the long term, against the continuing backdrop of macro uncertainty and a challenging consumer environment, albeit with some early signs of improvement towards the end of the year.

The Bela Ischia acquisition is now integrated and delivering synergies ahead of guidance, and it has enabled us to expand both market and channel coverage.

We continue to utilise our group expertise and roll out Fruit Shoot into new regions, and we have recently launched a new concentrate solution, Maguary Uno, to improve affordability and widen the consumer base of our brand portfolio, whilst also supporting our *A Healthier Everyday* ambitions as a low sugar option for consumers.

Consumers love our new Natural Tea flavours, which we launched alongside an attractive new pack design, and a new can format.

Puro Coco's recipe change and sales execution plan on shelf also proved popular this year.



STRATEGY IN ACTION
CONTINUED



Step-change our
business capability

Transforming our supply chain in Great Britain



£240m

invested in our GB supply chain
capability over the past three years.



600

tonnes of primary plastic removed from our
bottles through light-weighting in 2018.



100%

of electricity at our manufacturing sites
in GB sourced from renewables
from October 2018.



The Britvic supply chain team has worked tirelessly to transform our supply chain capability whilst maintaining business as usual. In doing so, we are delivering a sustainable platform for growth, creating value for all our stakeholders.

Clive Hooper
Chief Supply Chain Officer, Britvic Plc



Our investment programme

Over the three years of the programme, Britvic will have invested an additional £240m in its supply chain. The objectives have been to maximise capacity, capability, flexibility and efficiency across our manufacturing sites and to improve our environmental footprint. We remain on track to deliver a minimum 15% adjusted EBITDA return by 2020.

Since we began this major investment project in 2016, we have delivered the following:

- Three new PET lines and three new can lines, which are already delivering benefits
- New on-site warehousing facilities completed in Leeds & London
- Major groundworks at Rugby undertaken, transforming the site footprint whilst remaining fully operational
- Environmental benefits – less power and packaging being used across the value chain.

The final phase of the project will be completed in 2019, and will include:

- Completion of three PET and one Aseptic line to be completed late 2019
- A new automated warehouse at Rugby
- A new Combined Heat & Power plant in Rugby to deliver lower costs and environmental benefits

Our Norwich site will close in late 2019. The proposal, and subsequent decision, to close Norwich was not one we made lightly and we are grateful to our employees who continue to deliver an outstanding performance in difficult circumstances.

Upon completion of the business capability programme, the GB production network will comprise of three sites located along the spine of the country in London, Rugby and Leeds. As well as increasing efficiency and reducing road miles, the investment is also helping to accelerate our ability to respond to changing consumer trends with agility and pace by expanding our range of liquids, pack sizes and configurations.

The final completion of the programme will result in a significant increase in free cash flow in 2019 as capital spend falls back towards normal levels.

STRATEGY IN ACTION CONTINUED



Building trust and respect
in our communities

Helping consumers make healthier choices and live healthier lives



16%

reduction in average calories
per 250ml serve across
our markets since 2017.



99%

of our owned brands in GB
are below or exempt from the
Soft Drinks Industry Levy.



94%

of parents said they would
recommend Fruit Shoot following
product trials with Netmums.

The health of our consumers matters to us

We've been bringing enjoyment to millions of everyday moments for over a century through our much-loved brands like Robinsons, Teisseire, MiWadi, Maguary, R.White's and Tango, and we are committed to continuing to make a positive difference to the world around us – helping to make it healthier, happier and more sustainable.

Health sits at the core of our business strategy and we are committed to helping consumers make healthier choices through making drinks that taste great and are better for you.

Since 2013, we've taken a three-pronged approach to health focused on:

- Reformulation without compromise on taste or quality
- Innovation: the majority of our innovation pipeline is geared towards low and no sugar drinks.
- Awareness: we are committed to educating and motivating consumers to make healthier choices. In accordance with our Responsible Marketing Code, we do not advertise any products to under 12s and do not advertise high sugar products to under 16s, and we continue to lead all cola advertising with no sugar Pepsi MAX which we have done since 2005.



Netmums seal of approval

This year Fruit Shoot, which contains no added sugar, was endorsed by Netmums, one of the largest parenting forums in the UK with more than a million subscribers.

The 'Netmums Recommended' endorsement, which features on the Fruit Shoot website and on point of sale materials in store, follows nationwide product trials of Fruit Shoot's core, Hydro and Juiced ranges with Netmums subscribers. Following the trials, 94% of parents said they would recommend Fruit Shoot core, and 75% of parents who see the Netmums endorsement go on to buy the products.



Health has always sat at the heart of our business and I am proud to say that the majority of our portfolio is no and low sugar, offering consumers a wide range of healthier drinks choices and enabling us to benefit from the accelerated consumer trend of switching away from higher sugar drinks into low and no sugar alternatives.

Matt Barwell

Chief Marketing Officer, Britvic Plc

Soft Drinks Levies in GB and Ireland

In 2018 both the UK and Irish governments followed the French government's example and introduced a Soft Drinks Industry Levy (SDIL) and Sugar Sweetened Drinks Tax (SSDT) respectively on drinks with more than 5g/100ml of added sugar.

Britvic was well-placed to navigate the introduction of the levies having led the industry on health for many years. At the time the levy was introduced, 94% of our owned brands were below or exempt from the levy in GB. This figure has now increased, with 99% of our owned brands now below or exempt from the levy in GB (90% in Ireland).

As we anticipated, the introduction of the levies and our transparent approach of differential pricing has accelerated the consumer trend of switching away from higher sugar drinks into low and no sugar alternatives. This has benefited our broad portfolio of low and no sugar brands, with Pepsi MAX, Robinsons, 7UP Free, J2O and Tango all in revenue growth. We remain confident in our approach to the levy and believe the changes in consumer trends offer us further opportunities for growth.

Looking ahead to 2020, we have set an ambitious target to reduce average calories per serve by 20% to 28 kcal per 250ml serve from 35.02kcal in 2013. Find more information about our health strategy on page 38.

KEY PERFORMANCE INDICATORS

Alignment to strategy key



Generate profitable growth in our core markets



Continue to step-change our business capability



Build trust and respect in our communities



Realise global opportunities in kids, family and adult categories

FINANCIAL

REVENUE

+5.1%

Alignment to strategy



Why do we measure this?

Revenue growth measures our ability to increase price and/or increase the volume sold.

Performance

Revenue increased by 5.1%, including the impact of the Bela Ischia acquisition, foreign exchange movements and the impact of the SDIL in the UK and SSDT in Ireland. Organic revenue, which excludes these impacts, increased by 2.7%.

ADJUSTED EBIT MARGIN

13.7%

Alignment to strategy



Why do we measure this?

Adjusted EBIT margin* measures the underlying profitability of the company, excluding any one-off costs.

Performance

Margin was flat year on year including the impact of the Bela Ischia acquisition, foreign exchange movements and the impact of the SDIL in the UK and SSDT in Ireland. Organic adjusted EBIT margin, which excludes these impacts, increased by 10bps.

ADJUSTED EPS

+6.4%

Alignment to strategy



Why do we measure this?

Adjusted earnings per share* measures the profit per share of the company and is used by investors to compare the performance of a company against peers.

Performance

Adjusted earnings per share* increased 6.4% due to the growth of adjusted EBIT*, net of interest and corporation tax.

ADJUSTED FREE CASH FLOW

£65m

Alignment to strategy



Why do we measure this?

Adjusted free cash flow* measures the ability of the company to convert profits into cash to enable returns to shareholders or future investment in the business.

Performance

Adjusted free cash flow* generated was £65.0m, a £10.5m improvement on last year. As well as the impact of improved adjusted EBIT* and an improvement in working capital.

* Refer to definition in glossary

NON-FINANCIAL INFORMATION STATEMENT

We measure non-financial performance in alignment with our strategic pillar of building trust and respect in our communities. This table follows the requirements of the Companies Act 2016 sections 414C(7), 414CA and 414CB and is intended to help stakeholders understand our position on key non-financial matters. Most of our reporting on these topics is contained in our sustainable business review on pages 36-43 and risk management section on pages 30-34. Cross-references to sections containing further information about risk management, policy outcomes, targets and progress in specific areas are provided.

A description of our business model can be found on pages 8-9.



Build trust and respect in our communities

ENVIRONMENTAL MATTERS

Related policies which govern our approach

- Code of Conduct
- Healthier Planet Policy
- Sustainable Packaging Policy
- Ethical Business Policy

Associated risks and KPIs

Principal risk:

Sustainability and environment

See page 33

KPI:

Manufacturing carbon intensity ratio (kg CO₂e/tonnes product)

See page 42

2016: 30.02

2017: 30.23

2018: 26.00

Location in Annual Report of further information



Healthier Planet
see pages 42-43

EMPLOYEES

Related policies which govern our approach

- Code of Conduct
- Equality and Diversity Policy
- Employee Community Fund Policy
- Safe Driving Policy
- Family Leave Policy
- Whistleblowing Policy

Associated risks and KPIs

KPI:

Great Place to Work Trust Index

See page 39

2016: 72%

2017: 75%

2018: 73%

Location in Annual Report of further information



Healthier Communities
see pages 39-41

HUMAN RIGHTS

Related policies which govern our approach

- Code of Conduct
- Equality and Diversity Policy
- Health, Safety and Wellbeing Policy
- Ethical Business Policy
- Work Experience and Young People Manager Guidance
- Whistleblowing Policy

Associated risks and KPIs

Principal risk:

Legal and regulatory

See page 34

KPI:

Percentage of direct suppliers linked on Sedex

See page 39

2018: 57%

(First year of reporting this scope and methodology)

Location in Annual Report of further information



Human rights
see page 39

See also our Modern Slavery Act Statement at <https://www.britvic.com/modernslavery>

SOCIAL AND COMMUNITY MATTERS

Related policies which govern our approach

- Code of Conduct
- Britvic Quality and Food Safety Policy
- Giving Back policy
- Social Media Policy
- Responsible Marketing Code

Associated risks and KPIs

Principal risk:

Health & obesity concerns

See page 31

KPI:

Average calories per 250ml

2016: 36.0kcal

2017: 35.3kcal

2018: 29.8kcal

Location in Annual Report of further information



Healthier people
see page 38

ANTI-BRIBERY AND CORRUPTION

Related policies which govern our approach

- Code of Conduct
- Anti-Bribery and Corruption Policy
- Ethical Business Policy
- Whistleblowing Policy

Associated risks and KPIs

Principal risk:

Legal and regulatory

See page 34

KPI:

Cases reported to the independent whistleblowing hotline related to bribery or corruption

2016: none

2017: none

2018: none

Location in Annual Report of further information



Human rights
see page 39

Britvic has recently set up a compliance function responsible for overseeing the compliance agenda, including working with policy owners to ensure that individual policies form a coherent framework across the business. Objectives of this function are to ensure that policies remain relevant, identifying and addressing new policy areas and advising on implementation and monitoring. Each policy is assigned to a Global Policy Owner who is responsible for ensuring that the policy is kept up to date and is properly implemented. Local policy owners are responsible in different countries to ensure that policies are amended in line with requirements of local regulation.

Britvic's 2018 Basis of Reporting is available on our website and outlines the scope and methodological principles for the collation of our key sustainability metrics.

RISK MANAGEMENT

Our approach

As with any business, we face risks and uncertainties. The management of risk is based on the balance between risk and reward, determined through careful assessment of both the potential outcomes and impact as well as risk appetite. We believe that effective risk management supports the successful delivery of our strategic objectives. We have an established risk management framework to identify, assess, mitigate and monitor the risks we face as a business. The risk management framework incorporates both a top down approach to identify the company's principal risks and a bottom up approach to identify operational risks. The Board is accountable for the risk management process and each year the Executive team performs a robust assessment of the principal risks facing the company, which is reviewed by the Board. Similarly, all business units and functions are responsible for identifying and assessing their risks and measuring them against the defined criteria, considering the likelihood of occurrence and the potential impact to the company. The Board, Executive team, business units and functions monitor and review their risk maps and information during

the year with formal reviews occurring at least twice a year. This review includes an assessment of the movement in the risks, the strength of the controls relied upon and the status of the mitigation actions.

The viability statement on page 35 provides a broader assessment of the long-term liquidity and solvency of the company after consideration of the principal risks.

Key areas of focus

Whilst our risk profile has continued to evolve during the year, overall our principal risks have remained consistent. We have continued to enhance our reporting to provide greater clarity on how our risk profile is changing and how the risks are being managed. We complete 'deep dives' on targeted risks; these are selected where there has been an increase in the risk score or because it is an emerging risk area. The objective of the 'deep dive' is to assess the strength of the controls in place and the effectiveness of the actions we are taking.

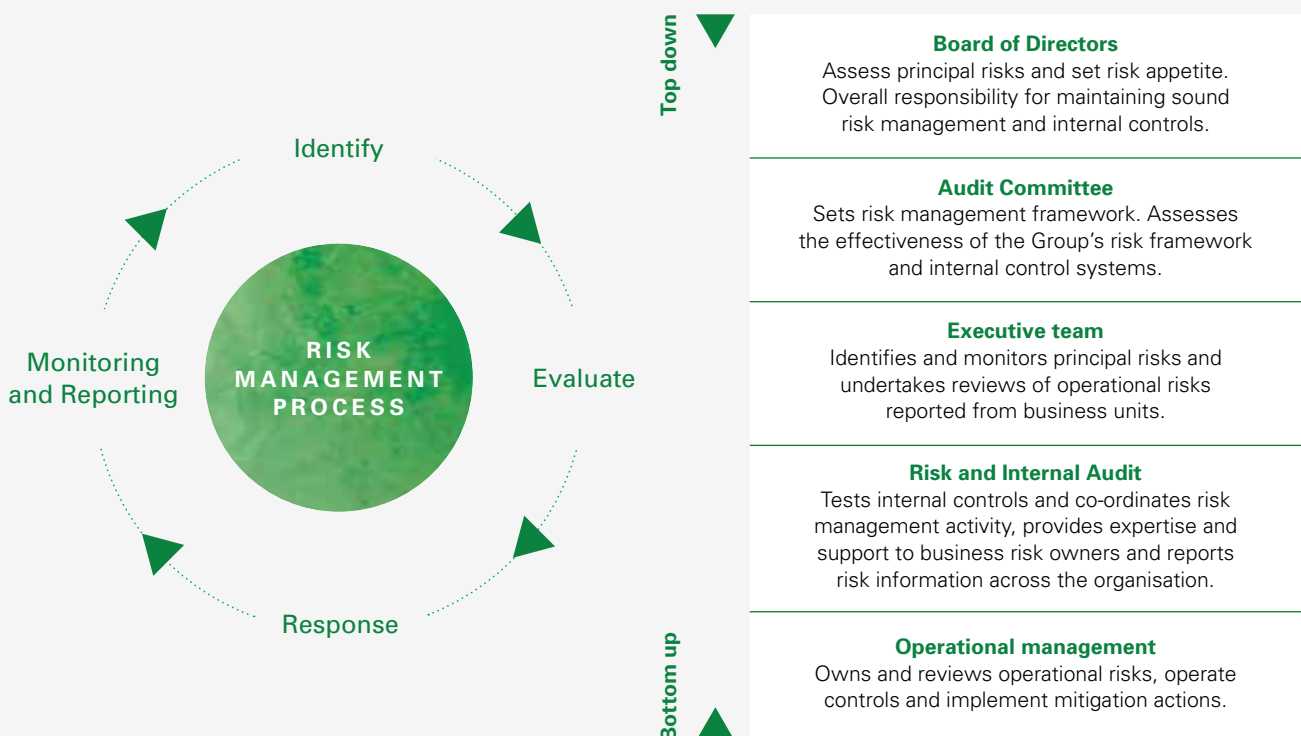
Last year we identified the UK's decision to leave the European Union (EU) as having a potential impact on the company, as a consequence of the depreciation of sterling

as well as potential other risks such as the introduction of trade tariffs and customs checks. The company has a Brexit steering group in place to ensure that we are being proactive in monitoring developments and taking action where appropriate. Given the continuing uncertainty regarding the outcome of the Brexit withdrawal process, the steering group has focused on a range of outcomes including 'no-deal' and ensuring that adequate preparations are made where these are in the company's control. The impact of Brexit including a 'no-deal' outcome has not been presented as a separate risk but instead is reflected in the relevant principal risks, notably the risks around Supply Chain and Treasury.

Risk appetite

The UK Corporate Governance Code requires companies to determine their risk appetite. This is an expression of the amount and types of risk that the company is willing to take in order to achieve its strategic and operational objectives. We have agreed a set of company appetite statements for our principal risks. We use the articulation of risk appetite in decision making across the company, and to define and validate the mitigating activities required to manage our risks.

RISK MANAGEMENT FRAMEWORK



PRINCIPAL RISKS AND UNCERTAINTIES

The table below sets out the principal risks faced by the company, the link to the company's strategies, movement in the risk score, examples of relevant controls and mitigating factors and recent developments. The company is exposed to a wide range of risks in addition to those listed.

The risk score movement from the prior year for each principal risk is presented as follows:

	No change
	Increased
	Decreased

Alignment to strategy key



Generate profitable growth in our core markets



Exploit global opportunities in kids, family and adult categories



Continue to step-change our business capability



Build trust and respect in our communities

CONSUMER PREFERENCE



Principal risk

Failure to deliver brand propositions which respond to changing consumer preferences.



Risk description

Consumer preferences, tastes and behaviours change over time and differ between the different markets in which we operate. As part of this, the consumer's desire for healthier choices (including some beginning to want 'all natural, clean label' products in addition to low sugar drinks) and premiumisation are significant trends. Our ability to anticipate these trends and ensure the relevance of our brands and communication messages is critical to our competitiveness in the market place and our performance.

Controls and mitigating activities

- We have a broad portfolio of products across a number of sub-categories and markets to increase coverage of consumer trends.
- We monitor market trends to identify consumer, customer and shopper insights in order to develop category and brand strategies.
- Our brand communication strategies are designed to optimise digital and traditional channel opportunities.
- Our innovation process is informed by our category strategies and uses tools, processes and resources to develop new products and brand communication.

2018 developments

- We continue to invest in innovation and marketing programmes.
- Britvic has recently launched innovations and brand extensions, such as Purdey's natural energy multi-vitamin drink and super-premium and naturally light London Essence Company tonics and sodas in order to capitalise on consumer trends towards healthier choices and premium products.
- In 2018, Robinsons extended its squash portfolio with the launch of Robinsons Fruit Cordials, targeted at adults, and Robinsons Creations, a premium alternative to the everyday range. Together they are worth £25m of retail sales value and have helped to deliver Robinsons and category value growth in 2018.
- The Pressade Bonjour range of organic juices was launched in 2017 and continues to deliver strong growth in the French juice market.
- The investment in the company's supply chain will increase our ability to create natural/ 'clean label' products through the introduction of new aseptic lines.

HEALTH AND OBESITY CONCERNS



Principal risk

Failure to respond to growing health concerns of consumers and expectations from public health bodies and government officials on the soft drinks industry role in tackling health issues (such as obesity).



Risk description

There is a continued high level of media and government scrutiny on health and obesity in all of the markets we operate in, with a soft drinks levy introduced in the UK, a soft drinks tax in Ireland and revisions to the French soda tax in 2018. It is important that we continue to take a leadership position on health issues.

Controls and mitigating activities

- We have a wide range of soft drinks, many of which are low or no sugar. In Ireland, Britvic leads the 'No added sugar' ('NAS') market and in GB Britvic has a significantly higher market share in NAS than the total soft drinks market.
- Ongoing evaluation and development of the brand portfolio and innovation pipeline; our innovation pipeline is weighted towards lower sugar or nutritionally enhanced brands.
- Reformulation of products where we can, to help consumers make healthier choices.
- We market our brands responsibly and don't directly target under 12s and have a focus on low or no sugar variants, as well as encouraging consumers to lead active lifestyles.
- We work closely with non-government organisations and trade associations in our markets to fully participate in the debate and help shape solutions.

2018 developments

- 3.5 billion calories have been removed from the GB portfolio in 2018 through new reformulations.
- 90% of Britvic's total GB portfolio by volume and 83% of Britvic's volume in Ireland is now exempt/below the levy/tax threshold (including PepsiCo).
- In GB & Ireland we benefited from the introduction of the sugar levy in the UK and the sugar tax in Ireland as a result of our strong portfolio of leading low and no sugar brands. Additionally stills brands such as Robinsons, MiWadi and Ballygowan delivered strong market value share growth.
- We continued to support health programmes and charities through our brands, including the Fruit Shoot partnership with Public Health England's Change4Life campaign and MiWadi supporting Diabetes Ireland.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

RETAILER LANDSCAPE AND CUSTOMER RELATIONSHIPS



Principal risk

We may not be able to maintain strong relationships or respond to changes in the retailer landscape.



Controls and mitigating activities

- We operate across many different customer channels and markets.
- Continuous monitoring of customer performance and trends.
- We develop joint business plans with customers that include investment and activation plans.
- We have capabilities in the soft drinks category and customer outlet design, which enable us to find new ways to improve customer performance and enhance our relationships.

Risk description

Maintaining strong relationships with our existing customers and building relationships with new customers and technology-enabled channels is critical for our brands to be available and well presented to our consumers. A failure to do this may impact our ability to obtain competitive pricing and trade terms and/or the availability and presentation of our brands.

2018 developments

- The GB supply chain investment programme is enabling us to respond to customer and consumer needs through improved capability to produce different products and pack sizes.
- Strengthened position in the licensed and leisure channel with the successful retention of Marston's and win of Cineworld in GB.
- Successfully integrated East Coast into our Irish wholesale business, enabling it to accelerate the distribution of Britvic brands in the Dublin on-trade sector.

THIRD PARTY RELATIONSHIPS



Principal risk

Partnerships may not be renewed or are renewed on less favourable terms.



Controls and mitigating activities

- Robust governance and management of relationship with PepsiCo and other partners.

Risk description

We currently bottle and co-market a number of PepsiCo products in GB and Ireland, including 7UP and Pepsi. Additionally we have a relationship with a number of partners to grow our family, adult and kids brands outside of our core markets. Our partnership with PepsiCo and distributors and franchisees is an important part of our business and delivery of our strategy going forward.

2018 developments

- Pepsi and Pepsi MAX achieved record share in 2018 in GB continuing the upward trajectory in performance we have been driving for well over a decade.

SUPPLY CHAIN



Principal risk

Supplier failure, market shortage or an adverse event in our supply chain impacts sourcing of our products and/or that the cost of our products is significantly affected by commodity price movements.



Controls and mitigating activities

- We have robust supplier strategy, selection, monitoring and management processes.
- We monitor market conditions for commodities and, where appropriate, hedge our contractual positions.
- Externally certified management systems across the supply chain.
- Business continuity planning processes.

Risk description

Our business depends on purchasing a wide variety of products and services, efficient manufacturing and distribution processes. Brexit presents a specific risk, which is explored in further detail in the 2018 developments.

2018 developments

- The GB supply chain investment programme will further improve the flexibility and therefore resilience of our supply chain.
- We maintain multiple sources of supply for our products wherever possible. During the summer, the industry-wide CO₂ shortage impacted a number of companies including Britvic. The company reduced the level of promotional activity to help manage demand during the shortage.
- Unlike some other businesses, leaving the European Union of itself, does not present specific challenges to the company as we manufacture the vast majority of finished goods in the same market as our selling market. Nonetheless, Brexit could result in higher cost of goods for the company, as a result of the introduction of trade tariffs for imports to the UK from the EU which would impact the raw materials that we purchase from the EU. Additionally, in the event of a 'no-deal' Brexit, there is a risk of disruption at borders, which could impact the supply of some raw materials sourced from the EU. We are working closely with suppliers to understand their plans, reviewing all supply alternatives and increasing the level of raw materials that we hold in the run-up to 29 March 2019.

SUSTAINABILITY AND ENVIRONMENT



Principal risk

Natural capital depletion, climate change and environmental pollution all present a risk to our ability to source, manufacture and market our drinks.



Risk description

The impact of extreme and longer-term shifts in weather patterns, natural resource depletion and other ecological effects of climate change could impact the business in a number of ways, financially and reputationally. It could lead to reduced availability (for example of agricultural material) which in turn could result in price rises or interruptions to supply. Further regulatory action to manage climate change and environmental pollution impacts could see restrictions imposed and/or taxes introduced.

Additionally, it is important that we continually look to reduce the company's direct environmental impact by managing our resource consumption efficiently and sourcing sustainably.

Increasing regulatory requirements and growing societal pressure with regards to packaging (plastics in particular) may present a financial and/or reputational risk to our existing packaging portfolio and impact upon our ability to market our products.

Controls and mitigating activities

- Environmental considerations including impacts associated with sourcing, production and end-of-life stages are embedded within our innovation pipeline.
- We work closely with our suppliers to understand the environmental impact of key ingredients and, through our responsible sourcing programme, promote environmental protection and pollution prevention.
- Within our *A Healthier Everyday* sustainability programme we make environmental commitments, including carbon emission reductions, water savings and reducing the environmental impact of our packaging.
- We have externally certified management systems in place to monitor and reduce the environmental impact of our operations and ensure compliance with environmental legislation.
- Our sustainable packaging strategy focuses on: system changes that are needed to support a more circular economy; changes we can make as a business to reduce the environmental impact of our packaging; and how we can encourage consumer change in support of recycling and anti-littering.

2018 developments

- The investment in the GB supply chain will enable the company to be more efficient, reduce energy consumption and the number of road miles travelled by finished product. For example the manufacturing carbon intensity ratio has reduced from 30.2 to 26.0 kg CO₂e per tonne production in 2018.
- The GB supply chain investment programme is enabling us to access the latest in packaging technology, allowing us to further light-weight bottles and cans. Nearly 600 tonnes of primary plastic removed and 2,825 tonnes of can material saved in 2018.
- Through our trade associations and directly, we continue to proactively engage with government on the feasibility of a Deposit Return Scheme (DRS) system and other actions to increase recycling and reduce littering.
- This year we committed to only purchasing Packaging Recovery Notes (PRN) from the UK, investing in the UK recycling industry in support of the circular economy.

INTERNATIONAL EXPANSION



Principal risk

Our plan to grow our international business is limited by lack of brand momentum, local geo-political or economic risks, the risks associated with start-up profitability or substandard processes and systems.



Risk description

To achieve our strategy of growing internationally, it is important that we have the appropriate governance, systems and processes in place and that our brand propositions respond appropriately to local consumer preferences.

Controls and mitigating activities

- We have a strategy of a mix of 'asset light' franchise and business acquisitions, which reduces our exposure to this risk.
- We carry out extensive due diligence prior to entering into a new market.
- We closely monitor current and forecast performance of our business units and, where required, rebalance investment priorities.

2018 developments

- In Brazil we continue to invest for the long term against a backdrop of macro uncertainty. The Bela Ischia acquisition is enabling us to expand market and channel coverage, and delivering cost synergies ahead of guidance. We continue to focus on longer term opportunities to grow through brand development and innovation, leveraging local and group brands.
- Continued focus on quality of distribution and in-store presence to drive the rate of sale of Fruit Shoot in the United States and ongoing focus on growing the London Essence Company in major cities across the world.
- Teisseire distribution and share increased in both Belgium and Holland.

SAFE AND HIGH-QUALITY PRODUCTS



Principal risk

A faulty or contaminated product, either through malicious contamination, human error or equipment failure, is supplied to the market.



Risk description

The quality of our products is of the utmost importance to us and it is essential that we manage product quality and integrity.

Controls and mitigating activities

- We have robust quality management standards applied and rigorously monitored.
- We have supplier assurance and management processes.
- We have dedicated central teams to oversee quality and supplier assurance, working closely with the business units.

2018 developments

- Continued focus on improving the management standards framework and the monitoring and oversight processes used across the company.
- Evolve and amend management systems and quality processes to reflect the new technology in the GB supply chain.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

LEGAL AND REGULATORY



Principal risk

Non-compliance with local laws or regulations or breach of our internal policies and standards.



Risk description

Britvic is subject to a wide range of legislation, regulation, guidance and codes of practice in areas such as labelling, packaging, marketing, advertising, safety, environment, competition, data privacy, ethical business and tax. Failure to comply with such requirements could have a significant impact on our reputation and/or incur financial penalties.

Controls and mitigating activities

- Britvic's code of conduct and key global policies are trained and rolled out to new joiners and the workforce at regular intervals.
- We operate a programme of e-learning training for key global policies.
- We monitor processes to ensure compliance with all relevant legislation and regulations.
- We work closely with our external advisors and the regulators, government bodies and trade associations regarding current and future legislation which would impact upon the company.
- Whistleblowing processes are in place.

2018 developments

- Creation of a dedicated compliance function led by the company's Global Head of Compliance.
- A programme was put in place to achieve readiness for the introduction of General Data Protection Regulation (GDPR) in the EU on 25 May 2018. Ongoing data protection processes and compliance will be overseen by the Data Privacy Committee, which will be led by the company's Global Head of Compliance.
- Continue to monitor changes in law and regulation and compliance with company's policies.

TECHNOLOGY AND INFORMATION SECURITY



Principal risk

We experience a major failure of IT infrastructure or breach in system or information security.



Risk description

We interact electronically with customers, suppliers and consumers, and our supply chain operations are dependent on reliable IT systems and infrastructure. Disruption to our IT systems could have a significant impact on our sales, cashflows and profits. Additionally, and in common with many businesses, cyber security breaches could lead to unauthorised access to, or loss of, sensitive information.

Controls and mitigating activities

- Disaster recovery plans tested every year.
- Central governance and decision-making processes for system changes.
- Information and IT policies are in place and are regularly reviewed.
- IT security standards are closely monitored to protect systems and information.
- Incident response plans are in place, recognising that whilst this risk can be managed it cannot be eliminated.

2018 developments

- We continue to see an increasing frequency in cyber-attacks (including phishing and ransomware) in the marketplace. We carry out regular auditing and benchmarking to ensure that our approach to managing this risk is consistent with industry practice.
- We have increased investment to improve information and cyber security controls and cyber risk awareness.
- The Chief Information, Transformation and Digital Officer was appointed to the Executive team in 2018.

TREASURY AND PENSION



Principal risk

Changes to exchange rates and interest rates can have an impact on profits and cashflows.



Risk description

Britvic is exposed to a variety of external financial risks relating to treasury and pensions. Changes to exchange rates and interest rates can have an impact on business results and the cost of interest on our debt.

Additionally, the GB and Ireland businesses have defined benefit pension plans which, whilst closed to new employees, are exposed to movements in interest and inflation rates, values of assets and increased life expectancy.

Controls and mitigating activities

- Robust monitoring of exchange rates and interest rates.
- Active risk management and hedging strategies are in place to manage exchange and interest fluctuations, overseen by the Treasury Committee.
- Pension interest rate hedging strategies in place and regularly reviewed.
- Monitoring of investment and funding strategies for pension fund.

2018 developments

- The recent depreciation of sterling has led to higher input costs across a number of our key commodities. Further the risk of a 'no-deal' Brexit could elevate this risk further. We closely monitor and manage this risk through a rolling 18 month hedging policy which is governed by the Treasury Committee.

VIABILITY STATEMENT

During the year, the Directors assessed the viability of the company, taking into account the company's current financial position and the principal risks, particularly those that could threaten the business model. These risks and the actions being taken to manage or mitigate them are set out above. The Directors have determined that a three-year period is an appropriate timeframe for the assessment given the dynamic nature of the FMCG sector, and this is in line with the company's strategic planning period. The starting point for the viability assessment is the strategic and financial plan, which makes assumptions relating to the economic climate in each of our markets, the growth of the soft drinks category, input cost inflation and growth from the company's value drivers. The process for assessing the viability of the company involved input from a number of functions across the business to model a series of theoretical 'stress test' scenarios based on the materialisation of principal risks:

- Firstly, the Directors considered the impact of severe but plausible scenarios for each principal risk. For example, the introduction of a Deposit and Return Scheme (DRS) system in the UK could have an impact on the company's cost base, a 'no-deal' Brexit could impact the continuity of supply of goods between the UK and the EU in the period immediately following 29 March 2019, or a major IT breach could result in an outage in key systems resulting in the temporary inability to manufacture and sell goods.
- Secondly, the Directors assessed different scenarios that group together principal risks. As part of this, the Directors considered the interconnectivity between principal risks but also scenarios where unconnected risks occur at the same time.
- The stress test scenarios were then reviewed against the company's current and projected debt and liquidity position.
- Finally, a reverse stress test was performed which allowed the Directors to assess the circumstances that would render the business model unviable. To support the final conclusion on viability, the assessment also took into account the mitigations available to the company to protect against these downside scenarios.

Based on the results of this analysis, the Directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the three-year period to September 2021.



Pressade Bonjour

Pressade, our juice brand in France, continued to grow, building on its organic credentials following the launch of the 'Bonjour' range of breakfast juices last year.

SUSTAINABLE BUSINESS REVIEW



A Healthier Everyday

PEOPLE | COMMUNITIES | PLANET

In December 2017 we updated our sustainability strategy with a new identity *A Healthier Everyday* to better connect our sustainability framework for delivering our trusted and respected ambitions with our wider business purpose of making life's everyday moments more enjoyable.

Through our *A Healthier Everyday* framework we have identified and prioritised the sustainability issues most important to our business – taking into account stakeholder feedback as well as emerging global environmental and societal trends. We have developed targets and strategies to manage these risks and maximise value creation across the three pillar areas: Healthier People, Healthier Communities and Healthier Planet.

During the past twelve months we've seen interest in plastic packaging and the damage it can cause to the natural environment come to the fore; whilst societal issues such as health and obesity and climate change continue to be important. This has reiterated the importance of our *A Healthier Everyday* programme in delivering business success.

This year we commenced work on extending our strategy horizon beyond 2020 to 2025. This work, in partnership with sustainability not-for-profit Forum for the Future, has focused on immersing the business in global trends that represent opportunities and threats, and has identified areas where we need to be proactive and bold, generating positive impact where it is needed the most and at the speed and scale required. Further information will be released next year regarding our 2025 ambitions.

Governance

We are committed to ensuring that our *A Healthier Everyday* strategy is fully integrated across the business. Each programme pillar has an Executive Director as its lead (Healthier People: Chief Marketing Officer; Healthier Communities: Chief HR Officer; and Healthier Planet: Chief Supply Chain Officer) and these individuals, together with the Strategy and Planning Director, Strategic Programme Director and Sustainability team make up the Sustainable Business Steering Group. This group oversees, on behalf of the Executive team, the development of Britvic's *A Healthier Everyday* strategy, reviews risks and opportunities relating to the sustainability agenda and monitors the performance against our sustainability KPIs.

The Sustainable Business Steering Group meets on a monthly basis and provides an update to the Executive team on a quarterly basis. The Board receives bi-annual updates, which includes a KPI performance appraisal and a review of key social and environmental risks and our strategic response.

Our reporting

Britvic's 2018 Basis of Reporting is available on our website and outlines the scope and methodological principles for the collation of our key sustainability metrics. We continue to enhance the robustness of our performance data and where any misstatements have been identified in prior year figures, these have been restated for accuracy within this report.

Independent assurance

Britvic plc appointed Ernst & Young LLP to provide limited independent assurance over selected sustainability content within the Strategic Report ("the Report"), as at and for the period ended 30 September 2018. The assurance engagement was planned and performed in accordance with the International Standard for Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

These procedures were designed to conclude on the accuracy and completeness of the sustainability performance indicators, which are indicated in the Report with an asterisk (*).

An unqualified opinion was issued and is available on Britvic.com/sustainable, along with further details of the scope, respective responsibilities, work performed, limitations and conclusions.

Our focus



Healthier People

Reducing the calories across our portfolio through reformulation, innovation and encouraging healthier choices.

The Issue

Across all of our markets, society is facing one of the largest public health challenges in history, growing levels of obesity. We have a responsibility to help our consumers make healthier choices, through information, responsible marketing and great tasting low calorie drinks.



Healthier Communities

Our programmes and commitments are designed to support good causes, promote and respect human rights, and ensure fair, safe employment for all of our direct employees and within our wider supply chain.

The Issue

Our business is dependent on our communities: the suppliers that provide our ingredients and services, the local communities where we operate and our employee community, without which our business wouldn't exist.



Healthier Planet

Minimising resource consumption within our direct operations and minimising the environmental impact of our products.

The Issue

In a world facing rapid environmental change and rising populations, natural resources are becoming increasingly constrained. As a business we rely on natural resources to produce our products and it's important that we, along with others, play a proactive part in minimising our environmental impact.



We are committed to making a positive difference to the world around us – helping to make it healthier, happier and more sustainable.

2018 performance

16%

reduction in the average calories per 250ml serve across our global portfolio vs 2017 to 29.8kcal[†]

89%[†]

of our combined GB and Ireland portfolio is below/exempt from the Soft Drinks Industry Levy and Sugar Sweetened Drinks Tax

90%

of our innovation (launched and in plan) in GB and Ireland was in low/no added sugar products

2019 targets

3%

reduction in the average calories per 250ml serve across our global portfolio vs 2018 to 28.9kcal

33%[†]

of leadership roles across the Group are filled by women

22%[†]

of our GB and Ireland employees engaged in community activity

71%[†]

wellbeing score in the Great Place to Work survey across the company

38%

of leadership roles across the Group are represented by women

35%

of our European based employees get involved in community activity

78%

wellbeing score in the Great Place to Work survey

14%[†]

reduction in manufacturing carbon emissions relative to production vs 2017

99%[†]

of manufacturing waste was diverted from landfill

2.14[†]

water ratio (water consumption relative to production) achieved across global manufacturing sites

600 tonnes[†]

of primary plastic packaging removed in GB through light-weighting

5%

reduction vs 2018 in carbon emissions relative to production across our global manufacturing sites

99.5%

diversion of waste from landfill from global manufacturing sites

2.14

water ratio (water consumption relative to production) of global manufacturing sites

Introduce rPET into our portfolio as we continue to support the UK Plastic Pact

[†] Figure independently assured by Ernst & Young LLP

SUSTAINABLE BUSINESS REVIEW CONTINUED



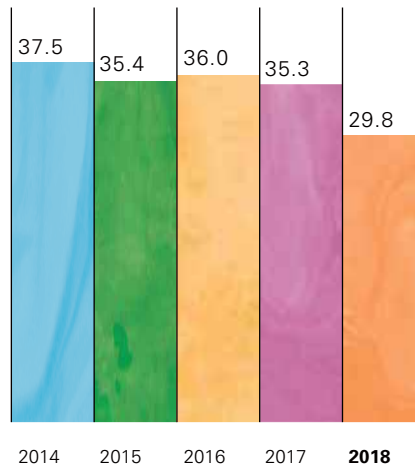
HEALTHIER PEOPLE

Health has never been more important to our consumers, with people taking a more active interest in what they eat and drink across our markets. We remain committed to helping consumers make healthier choices and live healthier lives.

Across our markets we continued to reduce the sugar and calories within our portfolio in 2018, with no compromise on taste. We achieved a 16% reduction in the average calories per 250ml serve since last year through a combination of reformulation, innovation, responsible marketing activity and partnerships encouraging consumers to choose our low/no sugar options.

In 2018, we removed an additional 3.5bn calories[†] from GB diets through further reformulation of our existing portfolio. With regard to innovation, in GB and Ireland 90% of our innovation activity this year (launched and planned) was on low and no added sugar products, including the launch of Aqua Libra – a sparkling natural fruit-flavoured water without sugar or sweeteners and with less than three calories per 330ml can. In Ireland we also launched a new lemon-flavoured Club Zero. In Brazil we launched Maguary Uno, a concentrated juice that is already sweetened – a first for the category. This innovation encourages consumers to switch away from powdered soft drinks where sugar is added at point of consumption and instead choose pre-mixed cordials which have low sugar amounts per serve.

AVERAGE CALORIES PER 250ML SERVE



Alongside our reformulation and innovation activity, we have continued to promote healthy lifestyles through our brands. In GB, 99% of our marketing spend targeted our low/no added sugar products. Fruit Shoot continued its partnership with Public Health England's Change4Life programme with the 'Be Snack Smart' campaign aimed at helping parents to encourage children to eat healthier snacks.

We continued to support our customers with promoting healthier options to consumers without any compromise on taste. In collaboration with Britvic Ireland, University College Dublin became Ireland's first exclusive low and no sugar campus as part of a seven-week pilot programme in which regular sugar-sweetened drinks were removed from the campus and replaced with low and no sugar options. In a post-pilot survey, three-quarters of the students and staff polled had switched to the healthier alternatives without experiencing any impact on taste.



Soft drinks levies and taxes

This year we saw the introduction of the Soft Drinks Industry Levy (SDIL) in the UK on 6 April and the Sugar Sweetened Drinks Tax (SSDT) in Ireland on 1 May.

Ahead of the introduction, 94% of our owned brand portfolio was below/exempt from the levy in GB and 79% of our Ireland portfolio. Following the introduction of the levies, we have seen an accelerated consumer transition away from higher sugar drinks, which has benefited our portfolio of low and no sugar brands.

Today, 99% of our GB owned brand portfolio is below/exempt from the SDIL and in Ireland 90% of the owned brand portfolio is below/exempt from the SSDT.

	Total portfolio below/exempt (including PepsiCo)	Owned brand portfolio below/exempt
GB	90%	99%
Ireland	83%	90%
GB & Ireland combined	89% [†]	98%

99%

of our GB owned brand portfolio is below/exempt from the sugar levy

90%

of our Ireland portfolio is below/exempt from the SSDT



HEALTHIER COMMUNITIES

Our long-term business success relies on resilient, healthy and prosperous communities across all our markets. We are proud of the positive contribution we make to society directly through the safe and inclusive jobs we provide and the support we give to charities, communities and good causes and indirectly through our wider supply chain with our commitment to human rights and responsible sourcing.

Giving back

We want the communities in which we operate to thrive and, through our community support programmes, we offer a variety of mechanisms by which our employees can support their communities including paid volunteering days, matched fundraising and drinks donations.

Through these initiatives and monetary donations, this year 22%[†] of our GB and Ireland employee community participated in giving back. Our GB based employees participation levels fell this year from 31% in 2017 to 23% but this can be attributed to changes undertaken during the year in preparation for our new corporate charity partnership, due to be launched in 2019.

This year, our employee community activity was valued at £70,000. Whilst this financial contribution makes a huge difference to our communities, we know that the positive impacts stretch beyond this number, with campaigns and events raising awareness of important issues and strengthening the bond between our employees. Our Britvic Ireland team, together with their friends and families, demonstrated this through their participation in the Darkness into Light 5km charity walk event to raise funds and awareness for suicide prevention charity Pieta House. In France, our employees continued to support our partnership with the skill-based charity Les Apprentis Auteuil. Since 2016 we have donated €60,000 and directly supported more than 145 young people with skill-based training at our sites, ranging from catering to gardening.

Employee health, safety and wellbeing

Commitment to the health, safety and wellbeing of our employees remains at the heart of our business. This year we introduced our Safety Critical Rules across the business to ensure that employees undertaking the highest-risk activities are trained to follow the correct safety procedures to avoid injury. Across GB, Ireland and International we also launched our Safe Driving Policy, which outlines safety critical rules for driving. This policy will shortly be rolled out in France and Brazil. Despite these measures, our safety performance across the group disappointingly deteriorated, with a significant increase in the number of lost-time accidents resulting in a lost-time injury frequency rate of 0.86[†]. This could be attributed to improved classification of accidents compared with previous years or as a result of improved reporting of accidents that occur off-site when driving on company business or when working on customer premises. Regardless of the cause, the number is unacceptably high, and a programme will be launched next year focusing on effective identification and reporting of hazards, near misses and behavioural safety observations to improve our safety performance.

In addition to providing a safe place to work, we're committed to providing an emotionally and psychologically healthy environment where employees can be themselves and feel supported. In this year's Great Place to Work survey we achieved a wellbeing score of 71%[†] across the business, a change from 72% in 2017. The overall Trust Index score within the Great Place to Work survey also fell from 75% in 2017 to 73% this year, although there were improvements in our Ireland and Brazil business units. We are confident that we understand the reasons for these changes and, with the plans we have in place for 2019 including dedicated resource and focus to enhancing our existing employee wellbeing programme, that these trends should improve.

Supplier community

Our stakeholders rightly expect that the people in our supply chain who make, grow or supply our materials and ingredients are treated fairly and their human rights respected. We are committed to sourcing the ingredients and materials that go into our drinks in a responsible manner and continually strive for the highest ethical standards, holding our suppliers and partners to the same criteria.

Our Ethical Business Policy details our commitment to human rights and covers bribery and corruption, conducting business with respect, integrity and equality, and managing personal activities and interests. Our approach is guided by international conventions and standards, including the United Nations (UN) Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. Our policy extends to our suppliers and other trading partners and compliance is monitored through our responsible sourcing programme.

This year we continued to advance our responsible sourcing programme and, following the integration of Brazil in 2018, updated our measurement and reporting processes to better reflect supply chain performance. This has resulted in a change to the number of suppliers linked to us on Sedex, the supplier data platform that we use, compared with last year but is a true reflection of our supply chain. This year 57%[†] of our direct suppliers were linked to us on Sedex, with 25%[†] of those suppliers deemed as high-risk with Sedex Members Ethical Trade Audit (SMETA) 4 Pillar audits in place. We expect to significantly increase the percentage of suppliers linked to us in 2019 as we continue the rollout of Sedex to our supply chain in Brazil.

Full details on our approach to preventing modern slavery across our business can be found within our Modern Slavery Statement published on our website at www.britvic.com/modernslavery.



MiWadi Trick or Treat for Temple Street

MiWadi helped fund the new Neurology and Renal Outpatients' Unit at Temple Street Children's University Hospital, with €1.8 million raised through the MiWadi Trick or Treat for Temple Street campaign over five years. Located in Dublin city centre, Temple Street is one of Ireland's largest dedicated children's hospitals, caring for over 145,000 children each year.

[†] Figure independently assured by Ernst & Young LLP

SUSTAINABLE BUSINESS REVIEW CONTINUED

Diversity and inclusion

At Britvic, creating an inspiring place to be for our employees is critical to our vision of becoming the most dynamic, creative and trusted soft drinks company in the world. We know that we will only achieve our ambitions if our workforce reflects the diverse communities that we serve and we create an inclusive culture where each employee can truly be themselves and feel empowered and enabled to be the best they can be.

This approach is underpinned by our commitment to providing equal opportunities to our current and potential employees and applying fair and equitable employment practices. We value diversity and we recruit and promote talent on the basis of ability, skills, experience, behaviour, performance and potential for the job. Our selection, training, development and promotion policies ensure equal opportunities for all employees regardless of factors such as age, disability (including colleagues who become disabled during service), gender (including gender reassignment), marital status, pregnancy and maternity, race, nationality, religion or belief, or sexual orientation. We codify this through our Equality and Diversity policy, our Diversity and Inclusion Strategy and our values.

The overall gender balance across all employees within the business at 30 September 2018 was 28% female and 72% male[†]. This figure is indicative of our industry, with a high proportion of operational employees typically being male and has remained static since the previous reporting period. This year the representation of women in leadership roles remained the same at 33%^{*†}. We are taking steps to improve on this position in 2019 so that we meet our target of women holding at least 40% of leadership positions by 2020. Our Board level gender diversity increased this year from 14%

female and 86% male in 2017 to 25% and 75% respectively in 2018, following the appointment of Suniti Chauhan.

	Male	Female
Board	6 (75%)	2 (25%)
Executive Committee	11 (92%)	1 (8%)
Senior managers (Band D+)	244 (67%)	121 (33%)
All employees	3,404 (72%)	1,293 (28%)

We have taken several steps to deliver our Diversity and Inclusion Strategy in 2018; our leadership development programme has an equal intake of women and men, we have provided mentoring to high potential female leaders and we supported the creation of a 'Women@Britvic' network. To create a more evenly balanced gender workforce in all parts of our organisation we have increased the intake of women into our manufacturing apprenticeship scheme and are promoting careers in manufacturing in schools and universities. To ensure we make further progress on gender balance, we have recruited a new role focused entirely on diversity and inclusion to ensure that we deliver our strategy at pace.

Of course, diversity is not simply about gender and we recognise that building an inclusive culture is key to our future success. This is why we have supported our employees to establish a 'Be Proud' LGBTQ network in addition to our women@Britvic network. Our French business has taken steps to help people with disabilities access and/or remain in employment, including building awareness of the impact of having a disability within our employee base, supporting vocational rehabilitation centres for disabled workers and participating in Linkday, a recruitment forum dedicated to supporting people with a disability.



What is the gender pay gap?

The gender pay gap is the difference between the average earnings of men and women across the organisation, regardless of the nature of their work. It is different from equal pay. Equal pay relates to men and women being paid equally for equivalent jobs. This is a legal requirement in the UK and one that Britvic believes in fully across all of our markets. We are confident that men and women are paid equally for equivalent work. However, because different jobs pay differently and the number of men and women performing these jobs varies, a gender pay gap exists.

GB Gender pay gap

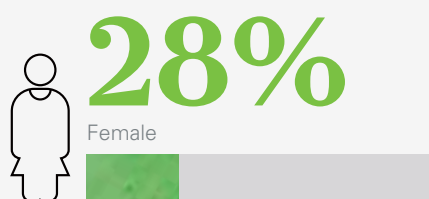
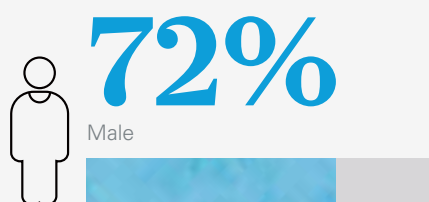
The following results show our GB gender pay gap at a snapshot date of 5 April 2018 for the 1,862 people who were employed by Britvic Soft Drinks Ltd. This includes people at our Head Office in Hemel Hempstead as well as manufacturing and distribution sites around GB.

Our total gender pay gap favours women (-17% median) against the UK average of 18% median. The primary driver of this is the structure of our workforce which, in line with the industry we operate in, is weighted towards our manufacturing and distribution operations, where the balance of the workforce is predominantly male (8:1). The roles in our manufacturing and distribution operations have, on average, lower salaries than those in our office functions. We also have proportionally fewer women in our leadership roles that, on average, attract higher pay rates. Therefore, while the difference in median bonus is again weighted towards women (-57%), the upper-quartile pay is predominantly made up of men (66.6%, versus 33.4% women)

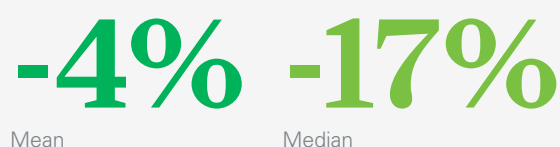


^{*} Please note, the 2017 percentage of women represented in leadership positions was reported as 36% last year and has since been restated at 33%.

Our GB gender balance



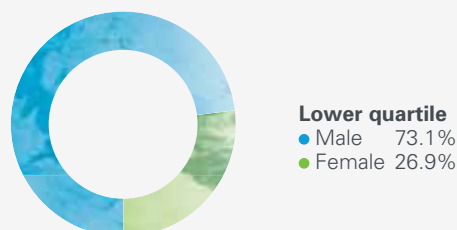
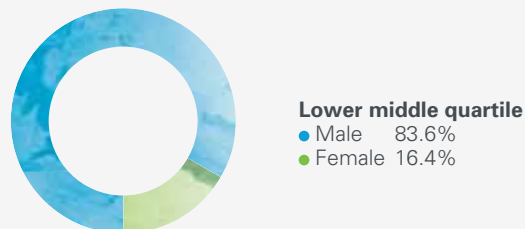
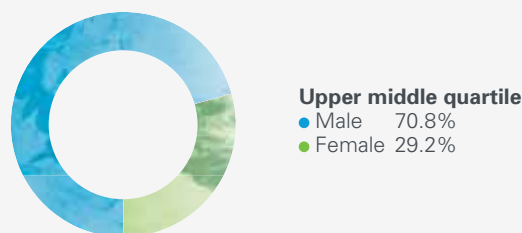
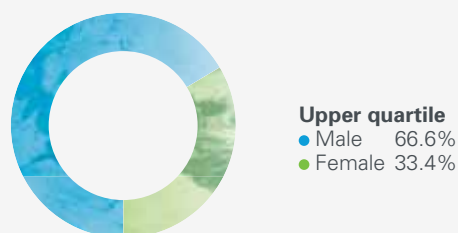
Difference in pay between genders



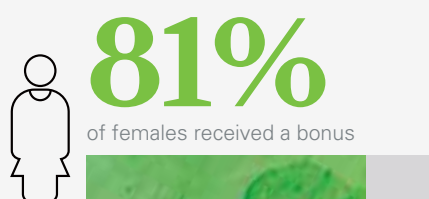
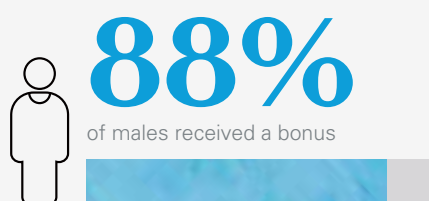
The mean and median pay results reveal that on average, females are paid more than males on an hourly basis. This is primarily because a large proportion of our workforce is made up of manufacturing, distribution support roles, and most of our employees are male. This gender balance in our demographics influences our gender pay gap. Within the female population, we see proportionally more women in managerial roles, which means that women on average earn more than men. However, we still have proportionally fewer women in senior leadership roles.

Pay quartiles

The figures below show our gender balance within each of our pay quartiles, with the lower quartile having the lowest-paid employees and the upper quartile having the highest-paid employees.



Proportion of male and females receiving a bonus



All GB employees have the opportunity to receive a bonus in December each year, subject to scheme rules.

Difference in bonus payments between genders



median bonus payments between genders

The median bonus is -57% in favour of females. This is because the structure of our workforce is weighted towards our manufacturing and distribution operations, where the balance of the workforce is predominantly male (8:1). The roles in our manufacturing and distribution operations have, on average, lower bonuses than those in our office functions.



mean bonus payments between genders

The mean bonus payment is 9% in favour of males. This is driven predominantly because higher bonuses are paid at a senior executive level which is predominantly male.

† Figure independently assured by Ernst & Young LLP

SUSTAINABLE BUSINESS REVIEW

CONTINUED



HEALTHIER PLANET

We know that business has a vital role to play in tackling the environmental challenges facing our world today, and we are committed to playing our part. We are focused on continually reducing the environmental impact of both our own manufacturing operations and those within our wider value chain.

Direct impact

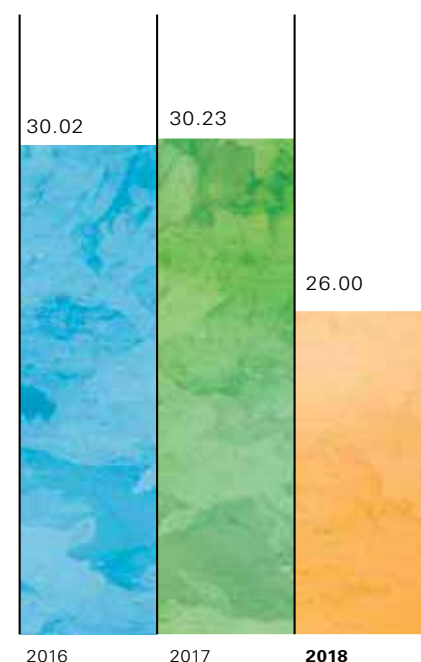
Our Healthier Planet strategy focuses on reducing our direct environmental impact across our 13 manufacturing sites. In 2018, we began to see the environmental benefits of our investment in transforming our manufacturing operations in GB. In the final quarter of the year, we saw our energy intensity across our GB manufacturing sites drop to 79.3 kWh/tonne product as our new lines ran at high volumes and maximised efficiencies. This was a 21% reduction on the same period in 2017. Our investment in new technology continued in France, including the installation of a heat exchange system at our Unisource site. By capturing waste heat and directing it back into our operations, we were able to help reduce site natural gas consumption by 8%.

This transformation of our operations has helped drive a 14% reduction in manufacturing carbon emissions relative to production in 2018 (using location-based Scope 2 calculation methodology). This is a 13% reduction since our 2016 baseline and marks good progress towards our 2020 goal of a 15% intensity reduction. We also accelerated our transition to cleaner energy and 28%[†] of our manufacturing energy came from renewable sources this year (34% including low carbon electricity from nuclear in France). This was driven by the switch of our electricity to 100% green in Ireland and the ongoing use of biomass fuel and green electricity in Brazil. In France, green energy was championed by one of our brands, Pressade, which switched to 100% renewable electricity from January. In GB, we achieved an uptake of 23%[†] hybrid/electric vehicles in our company car fleet this year and look forward to step-changing our use of renewables from October 2018 as our GB manufacturing sites switch to 100% green electricity, which is estimated to lift our global manufacturing electricity to over 80% renewable.

Water consumption in manufacturing was impacted again this year by the cleaning required during testing and commissioning of the new lines. Our water intensity ratio increased by 3% vs 2017 to 2.14 m³/tonne product[†]. Whilst none of our manufacturing sites were located in areas of high risk as determined by the World Business Council for Sustainable Development's Aqueduct water risk tool*, we know that we have more work to do to reduce our water consumption and are designing strategies to address this during the coming year.

In line with our 2020 goal, we sent zero waste to landfill from our manufacturing sites in GB and Ireland in 2018. Our Brazil sites reduced waste to landfill by 17% this year, sending 306 tonnes, resulting in a total of 99%[†] waste diverted from landfill across the Group. In France, optimisation work on the anaerobic digester at our Crolles site is helping to create a closed loop system. Approximately 22% of the site's waste is fed into the onsite anaerobic digestion plant, generating over 20,000m³ of recoverable biogas per year, which is used to fuel boilers on the site. This equates to approximately 130,000 kWh of energy fed back into manufacturing operations.

MANUFACTURING CARBON EMISSIONS INTENSITY KG CO₂E/TONNE PRODUCTION



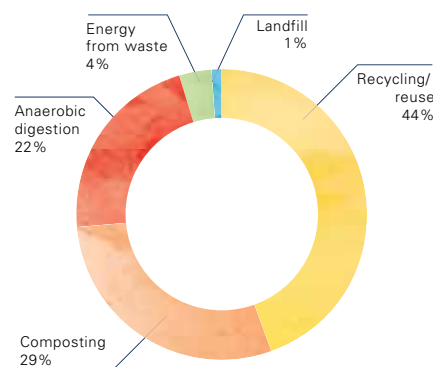
	2018 ^{1,2} (tonnes CO ₂ e)	2017 (tonnes CO ₂ e)
Location-based emissions method		
Scope 1	31,439	31,752
Scope 2	29,692	35,578
Total scope 1 & 2 emissions	61,131	67,330
Scope 1 & 2 emissions intensity (per thousand tonnes production)	28.57	31.70
Market-based emissions method		
Scope 1	31,439	31,752
Scope 2	16,264	23,091
Total scope 1 & 2 emissions	47,703	54,843
Scope 1 & 2 emissions intensity (per thousand tonnes production)		
Downstream emissions		
Scope 3 – Business travel ³	3,148	3,947
Scope 3 – Downstream primary logistics	53,711	47,804

Notes:

- 2018 figures refer to the 52 weeks ending 30 September 2018. Please refer to Britvic's 2018 Basis of Reporting available at www.britvic.com/sustainable for full scope, boundary and methodology disclosure for our greenhouse gas reporting. This data is independently assured by Ernst & Young LLP.
- We have extended the scope of our reporting this year to cover non-manufacturing emissions. 2017 data have been restated for comparability and to increase robustness of reported figures.
- Business travel excludes our Brazil business unit.

* As at May 2018

MANUFACTURING WASTE DISPOSAL BREAKDOWN



Indirect impact

We know that a significant proportion of Britvic's environmental impact occurs outside of our direct operational control and we are committed to working alongside our supply chain partners to reduce this. In 2018, we reduced our indirect emissions from business travel by 20% (excluding Brazil), primarily through reducing our flight mileage. However, we saw an increase in our downstream primary logistics emissions of 12% due to new delivery routes in France and Brazil. This is something we must continue to focus on going forward.

In our GB and Ireland business units we also supply refrigeration and vending equipment for use on customer sites and, as part of our ongoing project to capture the full scope of our indirect emissions, we calculated emissions of 33,000 tonnes CO₂e[†] from the electricity consumed by this equipment in 2018. All our GB equipment uses eco-friendly, natural refrigerant gases and all new chiller equipment added to this portfolio has LED lighting, in order to help reduce energy consumption.

We continue to engage with our suppliers to better understand the environmental impact associated with the materials that we purchase, using the Sedex tool to review their approach to environmental risk management and making visits to suppliers to see first-hand the activity driving environmental improvement. In 2018, we completed a project to trace some of the fruits in our drinks back to the farms where they were grown. This provided us with some fascinating insights into the journey of our ingredients, the agricultural methods used and the communities that we support indirectly. With increasing interest in the traceability of ingredients, we plan to expand on this work going forward.

Whilst much of our fruit juice comes from fruit farmed across the world, over two thirds of the sugar used in our GB manufacturing is sourced in Britain. This sugar travels an average of just 28 miles from field to factory and it then travels an average of around 95 miles to reach us. We are proud to support UK agriculture by sourcing locally whilst also reducing our indirect carbon emissions from transport and logistics.

Packaging

We recognise the impact that plastic can have at the end of its life and are committed to playing our part to reduce this. This year, we signed up to the UK Plastic Pact, a pioneering agreement which aims to transform the plastic packaging system in the UK and keep plastic in the economy and out of the ocean. As part of this commitment, we've pledged support to a series of ambitious 2025 targets, including making 100% of our plastic reusable, recyclable or compostable and eliminating problematic or unnecessary single-use plastic.



In the UK, 100% of our PET bottles, cans and glass are already recyclable and this year we further demonstrated our commitment to the circular economy through our pledge to invest in the UK recycling infrastructure through the purchase of UK-based Packaging Recovery Notes (PRN).

Across all packaging formats, we're committed to minimising the environmental impact and this year we completed life-cycle assessments on our most popular packaging formats, enabling us to better

understand the environmental impacts and help prioritise packaging development activity. This project identified that, whilst PET plastic packaging is sometimes seen negatively from an environmental perspective, the water and carbon impacts associated with the whole lifecycle of PET packaging was preferable to many other packaging materials. Despite this finding, we recognise that it is still favourable to reduce our packaging use wherever possible. Through the investment in our GB manufacturing capability, we have eliminated 600 tonnes[†] of primary plastic packaging by accessing new technology enabling us to manufacture lighter weight bottles. This year we also made the transition from steel to aluminium cans in GB and Ireland, avoiding 2,800 tonnes of packaging materials.

We are committed to promoting responsible disposal of our packaging with consumers, communicating recycling messaging on packs and through consumer-facing campaigns such as the Keep Scotland Beautiful, 'Give your litter a lift' campaign targeting roadside litter in Scotland. In Brazil, together with our suppliers, we're also trialling the use of wire made from recycled PET bottles collected from rivers and lakes in the Cerrado region for our passionfruit vines to replace steel wire, an initiative being spearheaded by environmental charity Greenpeace.

Our squashes and cordials are concentrated and therefore a great way to reduce plastic packaging used per serve, with Robinsons 1.75 litre double concentrate bottles delivering 70 servings or 17.5 litres as enjoyed by consumers. This year, Robinsons also supported consumers in avoiding unnecessary single-use plastic during the Wimbledon Championships, introducing personalised re-usable bottles to tennis-goers and encouraging fans to fill their bottles with Robinsons Fruit Creations. Over 3,500 re-usable bottles were handed out over the course of the Championships.



[†] Figure independently assured by Ernst & Young LLP

CHIEF FINANCIAL OFFICER'S REVIEW



Overview

In the period, we sold over 2.4 billion litres of soft drinks, an increase of 1.6% on the previous year. Average realised price (ARP) of 60.5p increased by 3.2% on a reported basis and by 1.7% on an organic basis (constant currency and excluding SDIL and SSDT). Revenue was £1,503.6m, an increase of 5.1%, on a reported basis, compared with last year and 2.7% on an organic basis. Adjusted EBIT* increased 5.4%, on a reported basis, to £206.0m, whilst organic adjusted EBIT increased 4.0% and organic adjusted margin* increased by 10bps. Profit after tax increased 4.9% to £117.1m, after £40.4m of planned adjusting items, primarily related to the BCP. Adjusted earnings per share increased 6.4% to 56.3p and the full year dividend increased 6.4% to 28.2p.

GB carbonates

	52 weeks ended 30 September 2018 £m	52 weeks ended 1 October 2017 £m	% change actual	% change excluding SDIL
Volume (million litres)	1,294.8	1,281.5	1.0	1.0
ARP* per litre	45.0p	43.3p	9.0	3.9
Revenue	610.6	555.3	10.0	4.9
Brand contribution*	251.7	234.4	7.4	7.4
Brand contribution margin*	41.2%	42.2%	(100) bps	100 bps

GB carbonates organic revenue increased 4.9% with both volume and organic ARP in growth, resulting in a 7.4% increase in organic brand contribution and a 100bps improvement in organic margin. Pepsi, led by no sugar MAX, continued to grow revenue and gain market share. R Whites, Tango and 7UP Free revenue also increased, benefiting from the SDIL accelerating the trend towards low and no sugar brands. Our natural energy brand Purdey's was in strong growth, with volume increasing over 25%, benefiting from a high-profile marketing campaign and the introduction of a 250ml can format. The BCP investment has increased capacity and the range of pack formats available, which has helped underpin the carbonates performance this year. ARP and margin benefited from positive price/mix, in part due to the implementation of new promotional price points in the off-trade, as well as growth of higher margin Britvic brands. Performance in the second half of the year was disrupted by the temporary CO₂ shortage, resulting in a scaling back of supply and promotions in the grocery and convenience channels. The supply of finished goods normalised towards the end of the final quarter.

* Refer to glossary

GB stills

	52 weeks ended 30 September 2018 £m	52 weeks ended 1 October 2017 £m	% change actual	% change excluding SDIL
Volume (million litres)	370.1	359.5	2.9	2.9
ARP* per litre	75.8p	74.9p	1.2	1.2
Revenue	280.7	269.3	4.2	4.2
Brand contribution*	116.6	112.0	4.1	4.1
Brand contribution margin*	41.5%	41.6%	(10) bps	0 bps

GB stills generated a pleasing organic revenue increase of 4.2% in the full year, with strong momentum in the second half. This was due to a significantly improved performance for Robinsons and J2O offsetting a decline in Fruit Shoot. Robinsons benefited from the launch of the Creations and Cordials ranges. J2O revenue increased as we launched a major marketing campaign, increased feature and display in store, and optimised our promotional strategy in the second half. GB stills benefited from consumer switching following the introduction of the SDIL, and from the decision to reallocate feature space and promotional activity in response to the temporary CO₂ shortage.

France

	52 weeks ended 30 September 2018 £m	52 weeks ended 1 October 2017 £m	% change actual exchange rate	% change constant exchange rate
Volume (million litres)	263.0	281.0	(6.4)	(6.4)
ARP* per litre	102.4p	100.1p	2.3	0.8
Revenue	269.2	281.4	(4.3)	(5.7)
Brand contribution*	81.4	81.9	(0.6)	(2.2)
Brand contribution margin*	30.2%	29.1%	110 bps	110 bps

Organic revenue declined 5.7%, driven by a 6.4% fall in volume. The majority of the revenue decline was in private label sales, as we continued to focus on managing the profitability of these contracts, while branded revenue saw a modest decline. Our branded syrups ranges were adversely affected by poor weather early in the year, whilst Fruit Shoot performance was impacted by intense competition. In the juice category we continued to see strong growth for Pressade, with its range of formats for families and kids. The organic brand contribution decline was limited to 2.2%, with organic margin increasing a robust 110 bps, due to positive mix, revenue management and a focus on cost efficiency.

Ireland

	52 weeks ended 30 September 2018 £m	52 weeks ended 1 October 2017 £m	% change actual exchange rate	% change constant exchange rate excluding SSDT
Volume (million litres)	221.3	216.5	2.2	2.2
ARP* per litre	56.3p	51.4p	9.5	4.4
Revenue	174.0	154.7	12.5	8.3
Brand contribution*	57.1	49.6	15.1	13.3
Brand contribution margin*	32.8%	32.1%	70 bps	150 bps

Note: Volumes and ARP include own brand soft drinks sales and do not include factored product sales included within total revenue and brand contribution.

Disciplined revenue management achieved a robust 4.4% organic ARP increase (excluding the SSDT) across the portfolio which, when combined with 2.2% volume growth, resulted in organic revenue growth of 8.3% and organic brand contribution growth of 13.3%, with organic margin expanding 150 bps. Both Ballygowan and MiWadi generated strong revenue growth. There was further benefit from the growth of the Counterpoint wholesale business and last year's acquisition of East Coast.

International

	52 weeks ended 30 September 2018 £m	52 weeks ended 1 October 2017 £m	% change actual exchange rate	% change constant exchange rate
Volume (million litres)	43.8	41.5	5.5	5.5
ARP* per litre	111.9p	111.6p	0.3	(0.5)
Revenue	49.0	46.3	5.8	4.9
Brand contribution*	10.2	6.9	47.8	29.5
Brand contribution margin*	20.8%	14.9%	590 bps	390 bps

Note: Concentrate sales are included in both revenue and ARP but do not have any associated volume.

Organic revenue increased a robust 14.6% in the second half of the year, following a 6.5% decline in the first half. Consequently, full year organic revenue increased 4.9%. Organic brand contribution increased by 29.5% and organic margin increased by 390 bps due to disciplined revenue management, mix and A&P efficiency. The growth was due to further expansion in the United States, a strong performance in the export channel and improved profitability in Benelux, partly offset by declines in Asia and the Middle East. The United States remains in an investment phase; Fruit Shoot multi-pack has increased distribution and shelf space, as well as the number of variants available in store. Adjusted EBIT losses were reduced due to the growth in brand contribution combined with overhead cost efficiencies.

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

Brazil

	52 weeks ended 30 September 2018 £m	52 weeks ended 1 October 2017 £m	% change actual exchange rate	% change organic constant exchange rate
Volume (million litres)	210.6	186.3	13.0	0.6
ARP* per litre	57.0p	66.3p	(14.0)	0.2
Revenue	120.1	123.5	(2.8)	0.8
Brand contribution*	24.8	23.2	6.9	11.4
Brand contribution margin*	20.6%	18.8%	180 bps	200 bps

Organic volume returned to growth in the second half, increasing 0.6% for the full year following a decline in the first half. When combined with a modest growth in ARP, organic revenue increased 0.8%. Organic brand contribution and margin increased 11.4% and 200 bps respectively. This was due to a combination of factors, including lower raw material costs, lower A&P spend and synergies from the Bela Ischia acquisition being realised in the existing business.

Fixed costs – pre-adjusting items

	52 weeks ended 30 September 2018 £m	52 weeks ended 1 October 2017 £m	% change actual exchange rate	% change organic constant exchange rate
Non-brand A&P	(11.2)	(10.1)	(10.9)	(12.0)
Fixed supply chain	(113.7)	(98.6)	(15.3)	(14.6)
Selling costs	(79.5)	(80.4)	1.1	(0.1)
Overheads and other	(131.4)	(123.4)	(6.5)	(6.9)
Total	(335.8)	(312.5)	(7.5)	(7.7)
<i>Total A&P investment</i>	<i>(65.6)</i>	<i>(66.4)</i>		
<i>A&P as a % of owned brand revenue</i>	<i>4.6%</i>	<i>4.8%</i>		

Organic fixed supply chain costs increased 14.6%, largely due to depreciation from our GB supply chain investment and additional co-packing costs related to recent innovation launches and to aid capacity post the temporary CO₂ shortage. Organic overheads and other costs increased by 6.9%, which includes costs related to the administration of Palmer & Harvey. Inflationary cost pressures, such as wages and salaries, have also affected the cost base this year. A&P spend was slightly down on last year. Whilst spend in the second half of the year was ahead of last year, there was a pro-active scaling back of planned spend in response to the CO₂ disruption.

Interest

The adjusted net finance charge* for the 52-week period for the Group was £19.8m, compared with £20.1m in the prior year; the reduction was due to the impact of maturing debt being refinanced at lower rates. The reported net finance charge was £20.3m (2017: £24.2m).

Adjusting items – pre-tax

In the period, we accounted for a net charge of £40.4m (2017: £36.6m) of pre-tax adjusting items. These include:

- Strategic restructuring – BCP costs of £40.3m, which include employee costs and asset impairments in respect of the Norwich site closure, as well as other costs related to the total programme;
- Acquisition related amortisation of £11.0m;
- The reversal of impairment of the Ballygowan brand in Ireland of £11.5m;
- A fair value loss of £0.6m.

The cash cost of adjusting items pre-tax in the period was a £24.8m outflow. Further detail on adjusting items can be found on pages 152 to 154.

Taxation

The adjusted tax charge* was £37.8m, which equates to an effective tax rate of 21.6% (2017: 22.0%). This primarily resulted from a decrease in the UK tax rate to 19% (2017: 19.5%) offset by the overseas profit mix. The reported net tax charge was £28.7m (2017: £27.2m), which equates to an effective tax rate of 19.7% (2017: 19.6%). There are two factors additionally influencing the higher overall rate, permanent adjustments and corporate rate reductions in France. A benefit arises from the reduction in permanent adjustments of £3.3m in 2018 compared with £5.7m for 2017 resulting from property disposals in Ireland. This is offset by an adverse comparable rate impact due to a lower benefit arising in 2018 (£2.4m) compared with the 2017 benefit (£5.1m) on the reduction of deferred tax liabilities as a result of the continuing reduction in the French corporate tax rate.

Earnings per share (EPS)

Adjusted basic EPS* for the period was 56.3p, up 6.4% on the same period last year. Basic EPS for the period was 44.4p, compared with 42.4p for last year.

Dividends

The Board is recommending a final dividend of 20.3p per share, an increase of 5.2% on the dividend declared last year, with a total value of £53.7m. The final dividend for 2018 will be paid on 4 February 2019 to shareholders on record as at 7 December 2018. The ex-dividend date is 6 December 2018.

Cash flow and net debt

Adjusted free cash flow* was a £65.0m inflow, compared with a £54.5m inflow the previous year. Working capital generated an inflow of £15.5m (2017: £26.0m inflow), due to continued focus on working capital management across the business. Capital expenditure of £143.5m, (2017: £146.7m) remained high due to the transformational BCP in GB.

Adjusted net debt* at 30 September 2018 of £575.5m increased by £72.6m compared with adjusted net debt* of £502.9m at 1 October 2017, partly due to the payment of deferred consideration in relation to the acquisitions of Ebba and East Coast. This has generated adjusted net debt* leverage of 2.2x (2017: 2.0x).

Treasury management

The financial risks faced by the Group are identified and managed by a central treasury department, whose activities are carried out in accordance with Board approved policies and subject to regular Audit and Treasury Committee reviews. The department does not operate as a profit centre and no transaction is entered into for trading or speculative purposes. Key financial risks managed by the treasury department include exposures to movements in interest rates and foreign exchange rates, whilst managing the Group's debt and liquidity, currency risk, interest rate risk and cash position. The Group uses financial

instruments to hedge against interest rate and foreign currency exposures.

At 30 September 2018, the Group had £1,108.0m of committed debt facilities, consisting of a £400.0m bank facility which matures in 2021, and a series of private placement notes with maturities between 2019 and 2033, providing the business with a secure funding platform.

At 30 September 2018, the Group's unadjusted net debt of £659.6m (excluding derivative hedges) consisted of £58.5m drawn under the Group's committed bank facilities, £707.6m of private placement notes, £3.3m of accrued interest and £1.6m of finance leases, offset by net cash and cash equivalents of £109.5m and unamortised loan issue costs of £1.9m. Including the element of the fair value of interest rate currency swaps hedging the balance sheet value of the private placement notes, the Group's adjusted net debt was £575.5m, which compares with £502.9m at 1 October 2017.

Pensions

At 1 October 2018, the Group had IAS 19 pension surpluses in Great Britain and Northern Ireland totalling £96.3m and IAS 19 pension deficits in Ireland and France totalling £9.4m, resulting in a net pension surplus of £86.9m (1 October 2017: net surplus of £31.2m). The net surplus has increased primarily due to changes in the financial and demographic assumptions, and additional employer contributions made to the GB plan of £19.9m. The defined benefit section of the GB plan was closed to new members on 1 August 2002 and closed to future accrual for active members from 1 April 2011, with new employees being invited to join the defined contribution scheme. The Northern Ireland scheme is only open to future accrual for members who joined before 28 February 2006, and new employees are eligible to join the defined contribution scheme. All new employees in Ireland join the defined contribution plan. Following completion of the 31 March 2016 GB plan actuarial valuation, agreement has been made with the Plan Trustee on a number of key principles, including allowing a longer period to fund the deficit and agreeing that no additional contributions will be payable over and above those payments to 2019 agreed at the 2013 valuation. Future contributions beyond 2019 will be on a contingent basis. The Ireland and Northern Ireland defined benefit pension plans have an investment strategy journey plan to manage the risks as the funding position improves. The GB pension plan mainly has credit-type investments and the Trustees have developed proposals to manage the investment risks.

Following the Lloyds GMP equalisation case in October 2018, which ruled that treatment of men and women be brought in line for schemes with a guaranteed minimum pension, the vast majority of UK-based DB schemes will need to recalculate member benefits. We believe the potential impact for Britvic will be a 1%-3% increase in

pension liability, decreasing the surplus by £7m – £20m. This is a non-adjusting post balance sheet event in 2018 and further work will be performed in 2019 to quantify the impact of the equalisation and whether it should be treated as a past service cost in the P&L or an actuarial adjustment in other comprehensive income.

Risk management process

As with any business, we face risks and uncertainties. We believe that effective risk management supports the successful delivery of our strategic objectives. The management of these risks is based on a balance of risk and reward, determined through assessment of the likelihood and impact as well as the company's risk appetite. The Executive team performs a formal robust assessment of the principal risks facing the company annually, which is reviewed by the Board. Similarly, all business units and functions perform formal annual risk assessments that consider the company's principal risks and specific local risks relevant to the market in which they operate. Risks are monitored throughout the year with consideration to internal and external factors and the company's risk appetite, and updates to risks and mitigation plans are made as required. The principal risks that could potentially have a significant impact on our business have not changed since year end and are set out on pages 31 to 34.

Implementation of IFRS 15: Revenue from Contracts with Customers

Britvic is committed to continually improving both the quality and transparency of its financial reporting and has adopted early IFRS 15 (Revenue from Contracts with Customers) for the accounting period starting 2 October 2017, with full retrospective application.

IFRS 15 establishes a comprehensive framework for determining and recognising revenue, as well as requiring entities to provide users of financial statements with more informative and relevant disclosures. The primary impact for Britvic on implementing IFRS 15 is a reclassification to revenue of certain rebates offered to customers that had previously been recognised as selling and distribution costs; and the reclassification of certain incentives received, from revenue to cost of sales. Adoption of the standard has no impact on profit before tax. Contract liabilities are now disclosed as a separate line on the face of the balance sheet. Full details on the IFRS 15 restatement for 2017 can be found on pages 139 and 140.

The Strategic Report was approved by the Board and signed on its behalf by Simon Litherland.

Simon Litherland
Chief Executive Officer
28 November 2018

CHAIRMAN'S INTRODUCTION



Dear Shareholder

I am pleased to present the Corporate Governance Report for the year ended 30 September 2018. The report sets out our approach to governance, our key actions during the year, our ways of working and how we promote Board effectiveness.

The Board is supported by three Board committees to which it delegates specific responsibilities. The reports of those committees are set out on pages 63-83.

On behalf of the Board, at the recommendation of the Audit Committee based on its assessment detailed on pages 65-66, I confirm that we believe this Annual Report and Accounts 2018 presents a fair, balanced and understandable assessment of the company's position, its performance and its prospects, as well as its business model and strategy.

John Daly
Chairman

Q As Chairman, what is your view on the role of governance?

Good governance is essential to the long-term success of a company. Boards should demonstrate openness and accountability in the boardroom and promote this throughout the business. One of the most important roles of corporate governance is to ensure that strategic decisions are made with a long-term view of the health of the company.

At Britvic, the Board works to ensure that governance structures remain appropriate and are updated when necessary to reflect the business and global market within which Britvic operates.

Q As Chairman, how do you promote the effectiveness of the Board's decision-making process?

It is my role as Chairman to foster an environment of open debate and diverse thought, to drive progress towards achieving the company's strategic goals. This requires bringing together a motivated team of Directors with different experiences and perspectives, ensuring we have adequate time and high-quality information to inform our decisions, and encouraging varied contributions and challenges. Reviewing the merits of past decisions is also crucial for continuous improvement of the decision-making process.

This year the Board conducted an external evaluation of effectiveness, details of which are set out on page 62.

Q What role does the Board play in setting the culture of the business?

The Board can most influence culture by leading by example. Culture is about people and the expectations of how we treat each other. We display and communicate the company's values in the boardroom and act as role models for the business. The Board has a duty to promote trust and openness and show zero tolerance for unethical behaviour.

Part of our role is to review decisions and strategic plans through a cultural lens, and challenge robustly if value gaps appear. As the company develops the Board will continually review values and culture to ensure alignment with the strategy and priorities of the business.

Q How does the collective experience of the Board help the management team?

The Directors have a wealth of experience that is relevant to Britvic. The Board members are experts in a number of essential areas, including corporate finance, business transformation, marketing and brand development and technology. Many have worked at senior levels in fast moving consumer goods businesses. In reviewing strategy and performance, they are able to challenge plans and evaluate results based on personal knowledge and evidence from a wide range of situations.

Q What role does the Board play in managing sustainability?

Sustainability is an integral part of the long-term strategy and is organised under the three pillars of Healthier People, Healthier Communities and Healthier Planet. The Board receives regular updates on key topics such as carbon emissions and waste, and in July carried out a "deep dive" to agree targets and review progress. The company also engages with external initiatives such as Forum for the Future and this year signed up to the UK Plastics Pact.

Our full sustainable business review can be found on pages 36-43.

Q How does the Board monitor the Group's management of risk?

The Board delegates governance responsibilities in respect of risk to the Audit Committee, who meet with the Director of Audit and Risk at every meeting to review the outcomes of internal audits and risk management activities. The Board itself remains accountable for setting the Group's risk appetite and reviews principal risks twice a year, with particular focus on areas of change, to assess whether the company's response and mitigation activities are appropriate.

Q How does the Board engage with stakeholders?

The Board considers the impact of the company's activities on a number of different stakeholders, and the methods of engagement vary considerably depending on the nature of those involved. We receive a wide variety of reports from management on stakeholder impact such as the results of employee surveys, reviews of supplier and customer relationships and measurement of company performance against recognised social and environmental guidelines. Directors also have the opportunity to speak directly with employees when visiting offices and production sites.

HOW GOVERNANCE SUPPORTS STRATEGY

Strategic priority



Generate profitable growth in our core markets

Read more
see pages 20-21

The Board's governance role

The Board approves the Group's strategy and annual operating plan, reviews subsequent progress and makes decisions related to matters reserved for the Board in order to support the delivery of this strategy.

What we achieved in 2018

- Review of long-term strategy at Board and Executive team off-site meeting
- Budget and plan approvals
- Regular performance updates
- Regular reviews of the UK and Irish businesses

Strategic priority



Realise global opportunities in kids, family and adult categories

Read more
see pages 22-23

The Board's governance role

The Board reviews all proposals for global growth and monitors progress of our international business.

What we achieved in 2018

- Regular updates on the Brazil business post acquisitions, including the integration of Bela Ischia
- Regular updates on the US business
- Regular updates on the French business
- Regular reviews of the innovation strategy and execution

Strategic priority



Continue to step change our business capability

Read more
see pages 24-25

The Board's governance role

The Board reviews key proposals relating to business capability, including the supply chain transformation.

What we achieved in 2018

- Regularly reviewed progress in relation to our Business Capability Program
- Visited the Rugby factory to inspect work on installation of new lines and high-bay warehouse

Strategic priority



Build trust and respect in our communities

Read more
see pages 26-27

The Board's governance role

The Board reviews the strategy for sustainable growth and leverages its collective experience of the regulatory environment to advise on related matters.

What we achieved in 2018

- Monitored implementation of the UK's Soft Drinks Industry Levy and Ireland's Sugar Sweetened Drinks Tax
- Supported progress in packaging developments

BOARD OF DIRECTORS

1

John Daly
Non-Executive Chairman

John was appointed Chairman of the Board on 1 September 2017. John joined the Board as a Non-Executive Director on 27 January 2015 and became Senior Independent Director on 27 January 2016.

Skills, competence and experience:

John brings strong international and consumer expertise to the Board, having held various executive leadership positions over the course of 20 years at British American Tobacco plc ('BAT'). His most recent positions at BAT were Chief Operating Officer (2010-2014) and Regional Director for Asia Pacific, based in Hong Kong (2004-2010). John is a former Director of Reynolds American Inc., a US public company which is 42% owned by BAT. Prior to his time with BAT, John held various sales and marketing positions with Johnson & Johnson, Bristol-Myers Squibb, Pennwalt Corporation, Schering-Plough and Ferguson plc.

Committee membership:

(N) (R)

External public directorships:

Non-Executive Chairman of Vivo Energy plc, appointed May 2018.

Non-Executive Director of G4S PLC, Chairman of the Remuneration Committee and a member of the Audit Committee.

2

Simon Litherland
Chief Executive Officer

Simon was appointed Chief Executive Officer in February 2013 and is responsible for overseeing the delivery of the company's business strategy. He joined Britvic in September 2011, initially as Managing Director of Britvic GB.

Skills, competence and experience:

Prior to joining Britvic, Simon had a career spanning 20 years with Diageo. His last role was Managing Director of Diageo Great Britain, having previously run Diageo's businesses in South Africa, Ireland and Central and Eastern Europe. During his time at Diageo, Simon was responsible for an extensive portfolio of brands including Guinness, Johnnie Walker, Baileys, Smirnoff and Captain Morgan. In his earlier career, he held a variety of international finance director roles in Diageo, IDV and Grand Metropolitan.

Simon qualified as a Chartered Accountant with Deloitte in South Africa and holds a business degree from the University of Cape Town.

External public directorships:

Non-Executive Director of Persimmon plc and is a member of the Audit, Nomination and Remuneration Committees.

3

Mathew Dunn
Chief Financial Officer

Mathew joined the business in September 2015 and became Chief Financial Officer ('CFO') on 25 November 2015. Mathew's appointment to the Board also became effective from this date.

He is responsible for Finance, Legal, Estates, Risk Management, Procurement and Quality, Safety and Environment.

Mathew resigned in October 2018. In order to facilitate an orderly transition, he is continuing in his post until Spring 2019. He will therefore stand for re-election at the AGM in January 2019.

Skills, competence and experience:

Prior to joining Britvic, Mathew was at SABMiller PLC where he was CFO of South African Breweries Ltd, based in South Africa since 2014. Mathew first joined SABMiller in 2002 where he held various financial planning, management and leadership positions, before joining EMI Music Ltd as CFO of their Global Catalogue division in 2009. He returned to SABMiller in 2010 as CFO Asia (based in China), a role which he held until his 2014 move to South Africa.

External public directorships:

None.

4

Ian McHoul
Senior Independent Director

Ian was appointed Senior Independent Director on 1 September 2017. Ian joined the Board as a Non-Executive Director on 10 March 2014.

Skills, competence and experience:

Ian served as CFO of Amec Foster Wheeler plc for nine years. Prior to this, Ian was Finance Director of Scottish & Newcastle plc and Finance and Strategy Director of the Innitpreneur Pub Group Ltd. In addition, Ian spent 10 years with Foster's Brewing Group in a variety of roles. Ian brings substantial financial expertise, and extensive knowledge and experience of strategy and the beverage and retail industry, to the Board. Ian was a Non-Executive Director and Chairman of the Audit Committee of Premier Foods plc (2004-2013), the last year of which he was also the Senior Independent Director.

Committee membership:

(A) (N) (R)

External public directorships:

Non-Executive Director of Young & Co's Brewery plc and a member of the Audit Committee.

Non-Executive Director of Bellway plc and a member of the Audit Committee, Remuneration Committee and Nomination Committee.

1



2



3



4



- (A) Audit Committee
 (N) Nomination Committee
 (R) Remuneration Committee
 ● Chairman of the Committee

5

Sue Clark

Independent Non-Executive Director

Sue was appointed as Non-Executive Director on 29 February 2016 and since 1 September 2017 has been Chair of the Remuneration Committee.

Skills, competence and experience:

Sue has strong international credentials and has worked in the global FMCG sector for the last 14 years. Prior to the merger with Anheuser-Busch InBev in October 2016, Sue held the role of Managing Director of SABMiller Europe and was an Executive Committee member of SABMiller plc. She joined SABMiller in 2003 as Corporate Affairs Director and was part of the executive team that built the business into a top 5 FTSE company.

Previously, Sue has held a number of senior roles in UK companies, including that of Director of Corporate Affairs for Railtrack Group and Scottish Power plc.

Sue has an MBA from Heriot-Watt University and joined the Board of the Edinburgh Business School in 2017. She is also a Non-Executive director of Tulchan Communications, a leading financial communications advisory firm.

Committee membership:

(R)

External public directorships:

Non-executive director of Bakkavor Group plc.

Member of the Supervisory Board of AkzoNobel N.V.

Non-Executive Director of Imperial Brands PLC and a member of the Remuneration Committee and the Succession & Nominations Committee.

6

William Eccleshare

Independent Non-Executive Director

William was appointed as Non-Executive Director on 29 November 2017.

Skills, competence and experience:

William has strong international experience in business transformation, expansion, marketing, branding, restructuring and digital innovation. He has run the European divisions of major advertising agencies WPP and Omnicom, and is a former partner of McKinsey & Co where he led the firm's European Marketing practice. William also served as a Non-Executive Director of Hays plc from 2004 to 2014.

William is CEO and Chairman of Clear Channel International, and led the global 'out of home' advertising business through a major digital transformation.

William is also a Director of Donmar Warehouse Projects Ltd.

Committee membership:

(R)

External public directorships:

Non-Executive Director and Senior Independent Director of Centaur Media plc.

7

Euan Sutherland

Independent Non-Executive Director

Euan was appointed as Non-Executive Director on 29 February 2016.

Skills, competence and experience:

Euan is Group Chief Executive Officer of SuperGroup Plc. Euan was previously Group Chief Executive Officer for the Co-op group of companies. Earlier in his career he was Group Chief Operating Officer at Kingfisher Plc, Chief Executive Officer of B&Q and Chief Executive of AS Watson UK, owner of Superdrug. Euan has over 22 years' experience within the retail and FMCG sectors, having held roles with Boots, Dixons, Coca-Cola and Mars.

Euan has a first class Honours degree in Managerial and Administrative Studies from Aston University.

Committee membership:

(A) (N)

External public directorships:

Chief Executive Officer of SuperGroup Plc.

8

Suniti Chauhan

Independent Non-Executive Director

Suniti was appointed as Non-Executive Director on 29 November 2017.

Skills, competence and experience:

Suniti brings over 20 years of experience in strategy, finance and M&A through a career in corporate development and investment banking, most recently as Director of Corporate Development for Rexam plc, a multinational consumer packaging company. Formerly, Suniti was a Managing Director of Morgan Stanley, focused on UK M&A and the consumer and retail industry. She is currently a senior consultant at Tulchan Communications and advisor to GrowthEnabler, a digital platform providing intelligence on tech start-ups globally to facilitate corporate innovation, and she has previously served as a trustee of Breakthrough Breast Cancer, the leading breast cancer research charity in the UK.

Suniti graduated from Dartmouth College in the United States with a degree in Economics and attended the General Management Program at Harvard Business School.

Committee membership:

(A)

External public directorships:

None.

Jonathan Adelman

Company Secretary

See page 53 for Jonathan's biography

5



6



7



8



EXECUTIVE TEAM

1

Matt Barwell

Chief Marketing Officer

Matt is responsible for all aspects of Britvic's global brand strategy and execution, innovation, corporate affairs and the company's sustainability agenda.

Matt joined Britvic in 2014 from Diageo where he held a number of senior positions over 15 years, including Marketing and Innovation Director for Diageo Africa and, later, Diageo Europe. He started his career as a graduate trainee at Mars, working in sales and marketing across the pet food and confectionery businesses.

Matt is a Fellow of the Marketing Society, a council member of the Marketing Group of Great Britain, and an active member of the Institute of Practitioners in Advertising Effectiveness Group and the Ehrenberg Bass Institute. He is a council member of the Advertising Association and was also Chairman of the AA's Front Foot Group for four years.

2

Clive Hooper

Chief Supply Chain Officer

Clive was appointed Chief Supply Chain Officer in October 2016 having joined the business in 2006 as Production Director. Clive has responsibility for production, logistics, warehousing and technical across Britvic sites. Prior to joining Britvic, Clive held senior management, production and planning roles at Greencore, Procter & Gamble and CeDo. Clive has a BEng in Engineering from the Royal Naval Engineering College.

3

Mathew Dunn

Chief Financial Officer

See page 50 for Mathew's biography

4

Hessel de Jong

Managing Director, International

Hessel joined the business in September 2015 with over 20 years of management experience in the international FMCG industry.

Prior to joining Britvic, Hessel worked as an advisor to a number of private equity companies, including Blackstone and Bencis Capital Partners. From 2008 to 2014, he was Managing Director of the Dutch and Benelux operations of the Coca-Cola Company. Before 2008, Hessel held various regional and global leadership positions at Heineken and SCA Group in Europe and Asia.

Hessel is based in Amsterdam and holds a Master of Business Administration from INSEAD and a Bachelor of Business Administration from Nyenrode University.

5

Paul Graham

Managing Director, GB

Paul was appointed GB Managing Director in April 2015, having joined Britvic as GB General Manager in September 2012.

Before joining Britvic, Paul worked in a range of commercial roles for companies including Mars Confectionery and United Biscuits.

Paul has a BSc in Management Sciences from the University of Manchester and is a member of the Executive Council of the British Soft Drinks Association.

6

João Caetano de Mello Neto

Chief Executive Officer, Britvic Brazil

João Caetano joined Britvic following the acquisition of Ebba in September 2015. He brings with him over 30 years of executive management experience in the consumer goods industry.

Previously, João Caetano worked for Cia. Müller de Bebidas (Caninha 51) where he spent 14 years and acted as Chief Executive Officer for seven of those years. He then worked for J. Macedo for seven years as Chief Executive Officer of Hidracor before moving to Ebba.



7

Kevin Donnelly

Managing Director, Ireland

Kevin joined Britvic Ireland in September 2008 as Marketing Director and was appointed Country Director in June 2013.

Kevin has over 25 years' experience in sales, marketing and general management in FMCG companies, including Unilever and Dairygold.

Kevin holds a first class Honours degree in Marketing from Trinity College Dublin and a post graduate diploma in Digital Marketing.

8

Zareena Brown

Chief Human Resources Officer

Zareena was appointed as Chief Human Resources Officer in June 2018 and is responsible for global talent management, capability building, diversity, organisation development, reward and all aspects of the people strategy for the Group.

Zareena has extensive HR experience over a 25-year career with major multinational companies. Before joining Britvic, she worked for InterContinental Hotels Group in a variety of senior human resources positions including Senior Vice President Talent, Learning and Leadership Development and Vice President of Human Resources, Asia, Middle East and Africa. Her earlier career was with Hilton Hotels and a number of FTSE 100 retailers. She has experience of living and working in Asia.

9

Olivier Mercier

Managing Director, France

Olivier joined Britvic in 2015 as Commercial Director and was appointed Managing Director in January 2018. Prior to joining Britvic, Olivier worked for large multinational FMCG businesses including Heineken, Kellogg's and Kraft Mondelez, and has strong international experience having worked in both Russia and the Middle East.

10

Steve Potts

Chief Information, Transformation and Digital Officer

Steve joined the business in October 2014 with responsibility for IT. He took on the additional responsibility for the 'One Britvic' Transformation in May 2016, which created a new operating model within Britvic. Steve joined the Britvic plc Executive team in June 2018, when he also became responsible for Britvic's overall digital approach.

Prior to joining Britvic, Steve was at Marks & Spencer plc where he was responsible for IT for UK stores, the international businesses in more than 40 countries, and the critical commercial and supply chain systems used across the foods business. Earlier in his career, he worked for both Procter & Gamble and Reckitt Benckiser where he performed a number of director-level roles within IT and was CIO at Tarmac Group, where he combined running the IT function with the Programme Director role of Tarmac's Business Transformation Programme.

11

Simon Litherland

Chief Executive Officer

See page 50 for Simon's biography

12

Jonathan Adelman

Company Secretary

Jonathan joined Britvic in January 2015 and has been Acting General Counsel and Company Secretary since September 2017. He was appointed as Company Secretary by the Board on 30 October 2018. Jonathan was previously General Counsel and Company Secretary of Ladbrokes plc, having previously served as Vice President and Senior Counsel at the Hilton Hotel Corporation where he also sat on the Board of Hilton International.



LEADERSHIP

The Board

The Board of Directors is comprised of the Chairman, the Chief Executive Officer, the Chief Financial Officer and five independent Non-Executive Directors. The division of responsibilities between the Chairman and the Chief Executive is set out on page 55 opposite.

The Board is committed to remaining effective and recognises that, to do so, it must ensure that it has the right balance of skills, independence and knowledge of the company in order to effectively discharge its duties and responsibilities.

Each Director brings experience, independence of thought, character and judgement to the Board's deliberations. They have all occupied, or occupy, senior positions in UK and/or international companies and have substantial experience across a range of businesses, thus bringing a broad perspective to Board discussions.

The biographical details of the Board members are set out on pages 50-51.

The role of the Board

The Board of Directors provides strategic leadership and oversight within a framework of prudent and effective controls. It is responsible for the company's long-term success, culture, values and ethical standards, and is committed to high standards of corporate governance throughout Britvic's operations. The Board normally meets at least seven times each financial year and has a formal schedule of matters reserved to it for decision making, which defines the separation of the Board from sub-committees and management. This clear definition not only complements and strengthens the company's decisions but builds the foundations of a solid business.

The Non-Executive Directors support the development of the Group's strategic direction, provide critical and constructive challenge to the Executive Directors and exercise oversight through their participation in the work of the Board's committees on matters such as remuneration, risk management systems, financial controls,

financial reporting, the appointment of further Directors and social responsibility.

Board committees

The Board is assisted by three board committees (as shown in the diagram below) to which it delegates matters as appropriate. Each committee has full terms of reference that have been approved by the Board and which can be found on our website at www.britvic.com/governance. The reports of the committees can be found on pages 63-83.

Re-election of Directors

While the company's articles of association provide that all Directors will stand for re-election at least every three years, all of the Directors submit themselves for re-election (or election following their first appointment) at each Annual General Meeting ('AGM') of the company, in compliance with the UK Corporate Governance Code.

The Chief Financial Officer, Mathew Dunn, resigned in October 2018. In order to facilitate an orderly transition, he is continuing in his post until Spring 2019. He will therefore stand for re-election at the AGM in January 2019.

BOARD AND COMMITTEE STRUCTURE

Shareholders

2,633 shareholders as at 30 September 2018

Board

Nomination Committee

Responsible for Board appointments, succession planning and reviewing the structure, size and composition of the Board. The Nomination Committee also ensures that there is a healthy balance of skills, knowledge, experience and diversity on the Board.



Committee Report
see page 63

Audit Committee

Monitors the integrity of the Group's external reporting and provides oversight and governance over the Group's internal controls, risk management and the relationship with external auditors.



Committee Report
see pages 64-67

Remuneration Committee

Responsible for setting the remuneration policy and individual compensation for Directors and senior management so that it is in line with the long-term interests of the Group.



Committee Report
see pages 68-83

Executive team

Chief Executive Officer

Chief
Financial
Officer

Chief
Marketing
Officer

Chief
Supply
Chain
Officer

Chief
Human
Resources
Officer

MD
GB
MD
Ireland

MD
France
MD
International

CEO
Brazil

Chief Information,
Transformation and
Digital Officer

Company
secretary

ROLES AND RESPONSIBILITIES OF THE DIRECTORS AND COMPANY SECRETARY

Role	Responsibility
Chairman John Daly	The Chairman is primarily responsible for the workings of the Board; to ensure that its strategic and supervisory role is achieved and for ensuring effective communication with shareholders. The Chairman works closely with the Chief Executive Officer to ensure that the strategies and actions agreed by the Board are implemented and provides him with support and appropriate advice.
Chief Executive Officer Simon Litherland	The Chief Executive Officer is responsible for the day-to-day management of the business, developing the Group's strategic direction for consideration and approval by the Board, and implementing the agreed strategy. He is supported by the other members of his Executive team.
Chief Financial Officer Mathew Dunn	The Chief Financial Officer is accountable for the administrative, financial and risk management operations of the business. He has primary responsibility for all financial-related activities including the development of financial and operational strategies, strategic planning, deal analysis and negotiations and investor relations. He reports directly to the Chief Executive Officer. Mathew will be leaving the company in Spring 2019 and a search has commenced for his successor as CFO.
Senior Independent Director Ian McHoul	The Senior Independent Director is available to shareholders if they have concerns which are not resolved through the normal channels of Chairman, Chief Executive Officer or Chief Financial Officer, or for which such contact is inappropriate.
Non-Executive Directors Suniti Chauhan, Sue Clark, William Eccleshare, Euan Sutherland	The Non-Executive Directors' role is to provide a creative contribution to the Board by providing independent oversight and constructive challenge to the Executive Directors. They bring an independent judgement to bear on issues of strategy, performance and resources, including key appointments and standards of conduct.
Company Secretary Jonathan Adelman	The Company Secretary's role includes ensuring good information flows to the Board and its committees and between senior management and the Non-Executive Directors. The Company Secretary advises the Board on all corporate governance matters, and assists the Chairman in ensuring that the Directors have tailored and detailed inductions in addition to ongoing professional development in fulfilling their duties.

Matters reserved for the Board

The formal schedule of matters specifically reserved for the Board's decision includes responsibility for the overall management and performance of the Group, and the approval of its long-term objectives, commercial strategy, approval of annual and interim results, annual budgets, material acquisitions and disposals, material agreements, major capital commitments, approval of treasury policies, and assessment of its going concern position.

The matters reserved are regularly reviewed to ensure that the Board provides continual effective leadership and drive towards the company's strategic aims.

Independence

The Board reviews the independence of its Non-Executive Directors as part of its annual Board effectiveness review. The Chairman is committed to ensuring that the Board comprises a majority of independent Non-Executive Directors who objectively challenge management, balanced against the need to ensure continuity on the Board.

Other than their fees, which are disclosed on page 76, the Non-Executive Directors received no remuneration from the company during the year. They do not participate in any of the Group's pension schemes or in any of the Group's bonus, share option or other incentive schemes.

None of the Non-Executive Directors have served more than five full years on the Board and additional external commitments are considered on an ongoing basis.

The Board is satisfied that all Non-Executive Directors, including the Chairman, remain independent and further, that each of the Non-Executive Directors commits sufficient time and attention to the business of the company.

Directors' indemnities

The company maintains Directors' and Officers' liability insurance, which provides appropriate cover for legal actions brought against its Directors. The company has also granted indemnities to each of its Directors in respect of potential liabilities that may be incurred as a result of their position as an officer of the company. A Director will not be covered by the insurance in the event that they have proven to have acted dishonestly or fraudulently.

Service contracts

Details of the Executive Directors' service contracts and the Chairman's and the Non-Executive Directors' letters of appointment are set out in the Directors' Remuneration Report on page 82. These documents are available for inspection at the registered office of the company during normal business hours and at the AGM.

Conflicts of interest

The Board has in place an established procedure for reviewing, managing and, where appropriate, approving any conflicts of interest. Each Director is aware of the requirement to notify the Board, via the Company Secretary, as soon as they become aware of a possible conflict or material change to an existing authorisation. Upon receipt of such notification, the Board will consider the situation before deciding whether to approve the perceived conflict. At the outset of every Board meeting, the Chairman checks that no new conflicts have arisen. Only those Directors who have no interest in the matter being considered take part in the relevant decision. Overall, the Board is satisfied that there are appropriate procedures in place to deal with conflicts of interest and that they have operated effectively.

The UK Corporate Governance Code

The Board supports the principles of the UK Corporate Governance Code (the 'Code') available at www.frc.org.uk. Throughout the 52 weeks ended 30 September 2018 and to the date of this report, the company has complied with all provisions set out in the Code.

The Board notes the revisions to the Code published in July 2018 and has commenced its assessment of how it will embed the new and amended principles into Board practice.

LEADERSHIP CONTINUED

Board meetings & activities

The Board met seven times during the year in accordance with its scheduled meeting calendar, excluding ad-hoc conference calls and committee meetings to approve the financial results. Additional meetings were convened to deal with matters requiring the Board's attention and major projects, as required. At each meeting, the Board received regular reports, including detailed reports on current trading performance, any matters requiring approval or decision and in-depth presentations from senior Executives. The business reported monthly on its performance against its agreed budget.

In March, the Board participated in an off-site meeting across two days with the full Executive team and other senior leaders to review the company's strategy and talent. An Innovation Showcase was set up for the Directors to spend time reviewing new products and how they are positioned to support category growth.

In July, the Board completed a visit to our Rugby factory and details of this visit can be found on page 57 opposite.

A timeline of meetings and activities and the attendance by each Board member at meetings is shown on pages 58-59.

BOARD ACTIVITY IN 2017/18

Financial performance

- Approved the annual budget and long-term financing plans
- Approved interim and full year results, dividends and announcements
- Approved the Annual Report, going concern and viability statements

Strategy

- Review of company strategy at annual two-day off-site meeting
- Brand, category and innovation reviews
- Regular updates on Soft Drinks Industry Levy preparation and performance
- 'Deep dives' on US, GB and Brazil businesses, and on supply chain transformation

Governance and shareholders

- Approved modern slavery prevention statement and gender pay gap report
- Reviewed fees for Non-Executive Directors
- Reviewed developments in corporate governance, legal and regulatory updates
- Completed an externally conducted Board evaluation
- Completed annual review of conflicts and independence

Regular agenda items

- Group performance report from the Chief Executive Officer
- Financial performance report from the Chief Financial Officer
- Reports from committee chairs
- Health and safety updates
- Report on innovation plans and delivery
- Report on supply chain transformation project
- Company Secretary and governance report

Leadership and people

- Approved the appointments of William Eccleshare and Suniti Chauhan as Non-Executive Directors and their appointments as members of the Remuneration and Audit Committees respectively
- Approved the appointment of Euan Sutherland to the Nomination Committee
- Received regular updates on talent and succession planning
- Approved the appointment of Jonathan Adelman as Company Secretary

Internal controls and risk management

- Reviewed key risks and mitigation plans
- Deep dives into cybersecurity risk, GDPR preparation and Brexit planning
- Approved insurance renewal
- Approved updated statement of authorities



Board visit to Rugby factory

The Board held its July meeting in Rugby providing the opportunity to see the significant progress on site during the year as part of the Company's extensive Business Capability Programme. The Board were able to view six new lines in operation and one further line in commissioning phase which together will deliver increased capacity, pack flexibility and liquid capability. The Board were able to tour the fully automated high-bay warehouse being constructed on site which is scheduled for completion in late 2019 as well as the new facilities for colleagues including a canteen and meeting spaces. The meeting at Rugby also gave the Board the opportunity to meet with senior members of the Supply Chain team who led the Business Continuity Programme.

LEADERSHIP CONTINUED

Shareholder engagement Investor relations

The Board is committed to maintaining strong communications with shareholders and believes that engagement with shareholders and institutional investors should be an ongoing process. The Board regularly connects with shareholders through a variety of channels including face-to-face meetings and online content. The Senior Independent Director and other Directors are available to meet the company's major shareholders if requested.

There is a regular programme of meetings with major institutional shareholders to consider the Group's performance and prospects.

A report on investor relations, which includes updates on meetings with major institutional shareholders, is given at each Board meeting. In addition to this, the Board receives regular reports prepared by an independent capital market advisory firm, which provide comprehensive information relating to the company's major shareholders. The company's brokers also met with the Board as required during the year.

Principles of ownership, corporate governance and voting guidelines issued by the company's major institutional shareholders, their representative bodies and advisory organisations are circulated to, and considered by, the Board.

There is further detail on the company's engagement with stakeholders on pages 6-7 in the Strategic Report.

Private investors

We are keen to hear the views of our private shareholders and we encourage them to use our shareholder mailbox (investors@britvic.com) for detailed enquiries and to access our website for our company reports and business information. Specific enquiries to the Company Secretary may be sent to the Secretariat mailbox (company.secretariat@britvic.com) or sent to the registered office.

Annual General Meeting

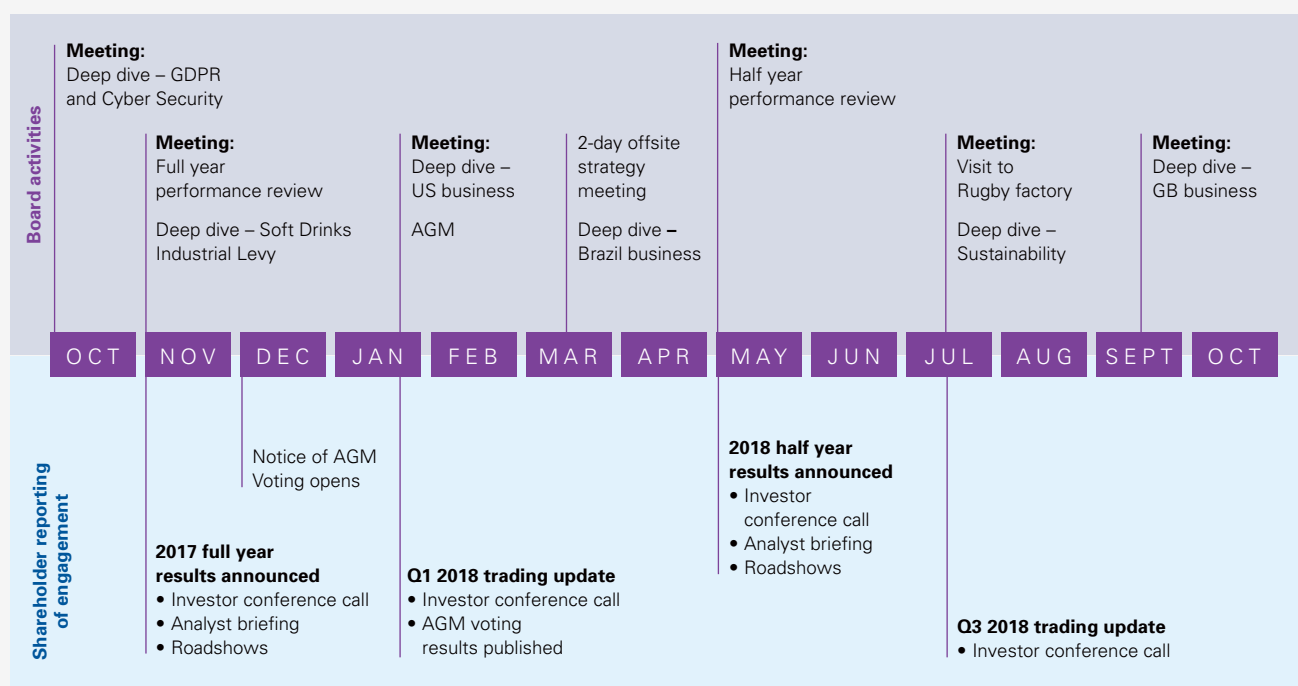
At the AGM, the Chief Executive Officer gives an update on the positioning and outlook for the business. Shareholders are invited to ask questions formally during the meeting and to follow up on these discussions with the Directors on a one-to-one basis afterwards.

The Chairs of the Board committees and the Senior Independent Director are present and available to respond to questions at the AGM.

Our 2018 AGM was well attended, and all proposed resolutions were passed, with votes in favour ranging from 85.68% to 99.99%.

We look forward to welcoming our shareholders to our AGM in January 2019 and to updating them on our business developments. The Notice of Meeting can be reviewed at www.britvic.com/aggm.

BOARD MEETINGS, REPORTING AND ENGAGEMENT WITH INVESTORS:



ACCOUNTABILITY

Financial reporting, risk management and internal control

The Board has ultimate responsibility for the internal control and risk management systems operating throughout the Group and for reviewing their effectiveness. The company had procedures in place throughout the year and up to 28 November 2018, the date of approval of this Annual Report, which accord with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published by the Financial Reporting Council in September 2014.

The Board confirms that, through the activities of the Audit Committee described below, a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity, has been carried out. During the year, in line with the Code, the Board considered the nature and extent of the risks it was willing to take in order to achieve its strategic goals.

In accordance with the Code, the Board has also considered the company's longer-term viability, based on a robust assessment of its principal risks. This was done through the work of the Audit Committee which recommended the Viability Statement, as set out on page 35, to the Board.

The company has in place internal control and risk management systems in relation to the company's financial reporting process and the Group's process for preparation of consolidated accounts. Further, a review of the consolidated financial statements is completed by management to ensure that the financial position and results of the Group are accurately reflected.

Fair, balanced and understandable

The Board as a whole is responsible for ensuring that the Annual Report is fair, balanced and understandable. Drafts of this document have been reviewed by the relevant Committee Chair and other Board members. The Board requested that

the Audit Committee review the Annual Report in detail and provide its opinion on whether the report is fair, balanced and understandable. The Audit Committee's opinion is on page 66. The Board has reviewed the Annual Report 2018 and the opinion of the Audit Committee and, taken as a whole, considers it to be fair, balanced and understandable, and provides shareholders with information necessary to assess the company's position, performance, business model and strategy. In arriving at this conclusion, the Board's review draws on its collective knowledge of the business, which is regularly updated by management reports and presentations at scheduled Board and committee meetings and other business updates provided between meetings.

BOARD ATTENDANCE

Membership and attendance	Number of Board meetings	Number of Audit Committee meetings	Number of Remuneration Committee meetings	Number of Nomination Committee meetings	AGM attendance
John Daly	7/7	n/a	5/5	3/3	✓
Simon Litherland	7/7	n/a	n/a	n/a	✓
Suniti Chauhan ¹	5/5	2/2	n/a	n/a	✓
Sue Clark	7/7	n/a	5/5	n/a	✓
Mat Dunn	7/7	n/a	n/a	n/a	✓
William Eccleshare ²	5/5	n/a	3/3	n/a	x ⁵
Ian McHoul	7/7	3/3	5/5	3/3	✓
Euan Sutherland ³	7/7	3/3	n/a	1/1	✓
Former members					
Ben Gordon ⁴	3/3	1/1	2/2	2/2	n/a

Notes:

1. Suniti Chauhan was appointed to the Board and Audit Committee on 29 November 2017.
2. William Eccleshare was appointed to the Board and Remuneration Committee on 29 November 2017.
3. Euan Sutherland replaced Ben Gordon as a member of the Nomination Committee on 30 January 2018.
4. Ben Gordon resigned from the Board and all committees effective 31 January 2018.
5. William Eccleshare could not attend the 2018 AGM due to prior business commitments.

BOARD COMPOSITION AND DIVERSITY

▼ Britvic recognises the importance of diversity at the Board and all levels of the Group. We are committed to increasing diversity across our operations and have a wide range of activities to support the development and promotion of talented individuals, regardless of factors such as gender, ethnicity, disability, sexuality and religious belief.

Board composition

The Board believes that diversity encompasses not only visible differences such as gender and ethnicity, but also

background, experience, attitude and thought. Information on our diversity and inclusion strategy, policies and implementation can be found in our Sustainable Business Review on pages 39-41.

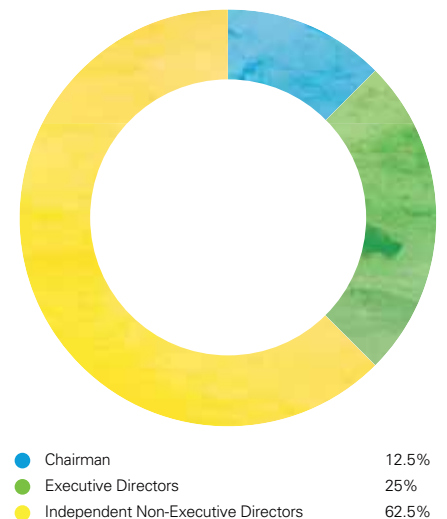
Changes to the Board during the period of this report have contributed to increasing diversity of thought and approach in Board discussions. William Eccleshare and Suniti Chauhan joined the Board in November 2017, and Ben Gordon retired from the Board in January 2018. This has increased the percentage of women on the Board from 14% to 25%.

William is a highly experienced Director, both in Executive and Non-Executive roles, with a wealth of experience in international business and business transformation. Britvic is Suniti's first public Non-Executive Directorship; she brings over 20 years of investment banking and corporate development experience to the Board. They both provide perspectives not previously available to the Board. The Board will continue to seek out different outlooks and background in future succession plans.

Diversity policy

Britvic operates an Equality and Diversity Policy, described on page 40. The policy applies to the whole workforce including the Board and Executive team.

BOARD COMPOSITION



As diversity, inclusion and culture continue to be areas of focus, the Board will develop its thinking and practices to ensure we are meeting appropriate standards and gaining the best possible balance for the company.

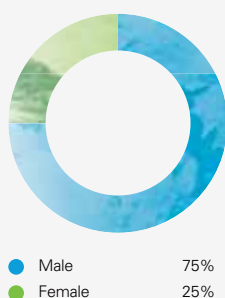
BOARD SKILLS AND EXPERIENCE



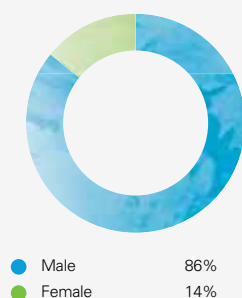
AVERAGE AGE OF THE BOARD

53

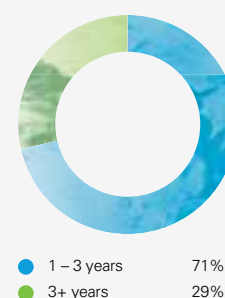
GENDER DIVERSITY AT YEAR END



GENDER DIVERSITY PRIOR YEAR END



BOARD TENURE



EFFECTIVENESS

Induction and development

The Chairman, with the support of the Company Secretary, is responsible for preparing and co-ordinating a comprehensive and valuable induction programme for newly appointed Directors. This programme includes presentations from senior management on different aspects of the business, as well as guidance on their duties, responsibilities and liabilities as a Director of a listed company. The Non-Executive Directors are encouraged to visit Group manufacturing sites to enable them to gain a greater understanding of the Group's activities and to meet senior managers throughout the business. Directors have access to appropriate training as required and they are encouraged to develop their understanding of the business. To strengthen their knowledge and understanding of the business, Board meetings regularly include updates and briefings on specific areas of the company's activities.

Suniti Chauhan and William Eccleshare were appointed as Non-Executive Directors to the Board on 29 November 2017. The following table shows the activities included in the inductions that they received throughout the year.

Type of induction activity	Summary
Face-to-face meetings	Meetings were arranged with the Chairman, CEO, CFO and wider Executive team, including the Strategy and Planning Director, the GB Managing Director and the Director of Audit and Risk, in order to provide an understanding around culture, values, strategy, recent developments, an overview of financials (including prior year Annual Report and Accounts), key challenges and opportunities, and to provide insight into the roles and responsibilities of different teams within the business.
Site visits	Individual visits were arranged to the Rugby factory in addition to the whole Board visit. Senior leaders from the site spent time explaining the progress of the Business Capability Program.
Committee inductions	Inductions involved meeting with the Chair and members of the committees which the individuals were appointed to, in order to understand the committee's remit and obtain an overview of topical issues, policies and developments. Suniti also met with EY, the external auditors, as part of her Audit Committee induction.
Investor relations and media views	An overview of investor relations activities, market facing issues and investor concerns was provided by the Director of Investor Relations and the Director of Corporate Relations.
Governance, risk and litigation	The directors met with the Company Secretary and were given information about Board policies, procedures and processes. Suniti also benefited from a meeting with the company's external lawyers for a briefing on directors' duties and governance.
The Board portal	Access to the fully encrypted electronic Board Portal was provided, which contains past and current Board and committee papers and also contains business updates and resources for Directors.

Independent advice

The Board has approved a procedure for Directors to seek independent professional advice at the company's expense if necessary. No such advice was sought by any Director during the year. In addition, the Directors have direct access to the advice and services of the General Counsel and the Company Secretary.

Information flow

The Chairman and the Company Secretary ensure that the Directors receive clear, timely information on all relevant matters. Board papers are circulated in a timely manner in advance of meetings to ensure that there is adequate time for them to be read and to facilitate robust and informed discussion.

Ongoing training

A combination of tailored Board and committee agenda items and other Board activities, including briefing sessions, assist the Directors in continually updating their skills and their knowledge and familiarity with the company as required to fulfil their role, both on the Board and the Board committees. In addition, external seminars, workshops and presentations are made available to the Directors.

The Board also received presentations throughout the year from various departments within the business on key topics including Human Resources, Legal, Audit, Risk and Compliance, Health and Safety, Sustainability and Corporate Finance.

A fully encrypted electronic Board Portal is used to distribute Board and committee papers and to provide efficient distribution of business updates and other resources to the Board. Board members request additional information or variations to regular reporting as required.

EFFECTIVENESS CONTINUED

2017 EVALUATION

An internal evaluation was carried out in the summer of 2017 by means of a questionnaire. The results were presented to the Board, and reported in the 2017 Annual Report, confirming that the Board and its committees were operating effectively. The review noted number of areas for the Board to focus on during 2018 outlined below, alongside the actions subsequently undertaken in response.

Focus area	Actions
Maintain focus on building Board capability and improve succession planning	The Board appointed two new Non-Executive Directors with diverse experience The Board carried out an extensive talent review at the March strategy day
Continue to support management in developing the international and Brazilian businesses and growing the UK market	The Board received regular deep dives on the GB, US, International and Brazil businesses
Improve the quality of information relating to brands and marketing metrics	The Board received regular brand health reviews

BOARD COMMITTEE AND DIRECTORS' PERFORMANCE EVALUATION CYCLE

Year 1

An externally facilitated evaluation is carried out to assess the effectiveness of the Board, each committee and the Chairman. Each individual Director is also required to complete a self-evaluation. The direct input of each Board member is kept confidential by the external facilitator, allowing for honest and in-depth feedback.

Years 2 and 3

An internally devised questionnaire is circulated, building on the key areas identified in the prior year. The process is facilitated by the Company Secretary.

2018 EVALUATION

The process was divided into four stages:

Stage 1	Stage 2	Stage 3	Stage 4
Further to a tender process, the Board appointed Lintstock in the summer of 2018 to facilitate the evaluation. Lintstock has no other connection with the company. They worked with the Company Secretary, the Chairman and the CEO to devise comprehensive questionnaires covering best practice and issues specific to the company.	Following completion of the questionnaires, Lintstock interviewed each Director, allowing for detailed discussion of areas highlighted by their responses.	Lintstock created a report compiling all the feedback and presenting conclusions on the effectiveness of the Board, the Committees and the Directors. The report included recommendations for areas of focus in the forthcoming year.	The Board reviewed the report and recommendations and agreed a plan of action to improve areas highlighted by the evaluation over the forthcoming year.

Findings

The evaluation covered areas including Board composition, expertise and dynamics, strategic and operational oversight, risk management and internal control, and succession planning. Overall the Board was generally rated good to excellent and the report confirmed that the Board and its Committees continue to operate effectively.

Good alignment was reported among Board members on the top three priority areas for the coming year:

- Agreeing the strategic plan
- Focusing on people and succession
- Continuing to focus on key markets and customers.

Outcomes

Further to discussion of the evaluation findings, the Board agreed a number of actions to enhance effectiveness and support the business over the next year:

- Review the strategy development process to ensure clear articulation of risk appetite and ambition as the company continues to pursue growth.
- Support the new Chief Human Resources Officer in developing diverse talent pipelines internationally at all levels of the business, and plan additional time to reflect on culture, values and reputation and how these affect the attraction and retention of high quality candidates.
- Build on existing monitoring of markets, customers and other key stakeholders with particular focus on international businesses and opportunities.

NOMINATION COMMITTEE REPORT



John Daly
Nomination Committee Chairman

Role of the Committee

The Committee is responsible for considering and recommending to the Board candidates for appointment as Executive and Non-Executive Directors and for other senior management roles, so as to maintain an appropriate balance of skills and experience within the company and on the Board, and to ensure progressive refreshing to the Board. In addition, it is the responsibility of the Committee to review the structure, size and composition of the Board and its committees and further that the procedures for appointing Directors is formal, rigorous, transparent, objective, merit-based and has regard for diversity. The terms of reference for the Committee can be found on our website at www.britvic.com/governance.

Main activities during the year

The Committee meets as necessary and at least twice a year. The Chairman of the Committee provides a report of Committee meetings to the Board following each meeting.

The Committee considered and has made recommendations to the Board in respect of:

- ongoing Non-Executive recruitment plans and subsequent recommendation of appointees to the Board;
- amendment to membership of the Board committees further to Ben Gordon's retirement from the Board and the appointment of new Non-Executive Directors;
- a review of orderly and emergency succession plans at Board and Executive level;
- a review of the findings of the 2017/18 Board evaluations (for more information see page 62); and
- the annual review of Directors' potential conflicts of interest.

COMMITTEE AT A GLANCE

On behalf of the Nomination Committee (the 'Committee'), I am pleased to present its report for the 52 weeks ended 30 September 2018. This report describes how the Committee has carried out its responsibilities during the year.

Committee members

John Daly (Chairman)

Ben Gordon¹

Ian McHoul

Euan Sutherland²

Notes:

1. Ben Gordon stepped down from the Board and all committees on 31 January 2018.
2. Euan Sutherland was appointed to the Nomination Committee on 30 January 2018.

The Committee comprises a majority of independent Non-Executive Directors. The Chief Executive Officer also attends by invitation.

Appointment of Directors

There is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board under which the Committee interviews suitable candidates who are proposed by an external search firm. Careful consideration is given to ensure that proposed appointees have enough time available to devote to the role and that the balance of skills, knowledge and experience on the Board is maintained or improved.

When discussions relate to the appointment of a Chairman, the Senior Independent Director will chair the Committee and lead the recruitment process. When the Committee has found a suitable candidate, the Chairman of the Committee will make a proposal to the whole Board, which retains responsibility for all such appointments.

Succession planning

Mindful of Ben Gordon reaching his ninth year of tenure, the Board retained the external search firm Zygos Partnership for the purpose of continuing the ongoing refreshment of the Board. Zygos Partnership has no other connection with the company.

Following the recommendation of the Committee, the Board appointed Suniti Chauhan and William Eccleshare, effective on 29 November 2017. For orderly transition, Ben Gordon remained on the Board until the end of January 2018.

At the time that he stepped down from the Board, Ben Gordon served on all three Board committees. The Board accepted the Committee's recommendations in respect of these roles, and appointed Euan Sutherland to the Nomination Committee, Suniti Chauhan to the Audit Committee and William Eccleshare to the Remuneration Committee.

Further to the announcement that Mat Dunn will be leaving the company in 2019, the Committee has commenced a search for his successor as CFO.

Diversity

At Britvic, diversity is a wider topic than simply gender and the Board recommends to the company that, in order to achieve its future growth aspirations, it should remain committed to building a pipeline of diverse talent and to regularly review its HR processes, including recruitment and performance management frameworks.

As noted on page 40, the Britvic Equality and Diversity Policy applies to the whole workforce, and the Committee has a clear focus on diversity when considering appointments to both the Board and Executive team.

Conflicts of interest

As referred to on page 55, the Board operates a formal policy to identify and, where appropriate, manage any potential conflicts of interest that Directors may have. It is the role of the Committee to monitor the situation and determine actions to address any potential or actual conflicts that may arise. The Committee reviews all potential conflicts of interest on an annual basis and when new Directors are formally appointed.

Committee evaluation

The performance of the Committee was rated highly overall, and the Committee was seen to have been effective in handling recent Non-Executive Director appointment processes.

John Daly
Nomination Committee Chairman
28 November 2018

AUDIT COMMITTEE REPORT



Ian McHoul
Audit Committee Chairman

COMMITTEE AT A GLANCE

On behalf of the Audit Committee (the 'Committee'), I am pleased to present its report for the 52 weeks ended 30 September 2018. This report describes how the Committee has carried out its responsibilities during the year.

Committee members

Ian McHoul (Chairman)

Suniti Chauhan¹

Ben Gordon²

Euan Sutherland

Notes:

1. Suniti Chauhan was appointed to the Audit Committee on 29 November 2017.

2. Ben Gordon stepped down from the Board and all committees on 31 January 2018.

The Committee is comprised solely of independent Non-Executive Directors. The Board is satisfied that Ian has recent and relevant financial experience as required by the Code and, further, that the Committee as a whole has competence relevant to the sector in which the company operates.

Role of the Committee

The Committee's role is to ensure appropriate oversight and review of the presentation and integrity of the Group's financial reporting and statements, internal control and risk management, internal audit programmes, changes in regulatory requirements, and the independence and appointment of external auditors. The terms of reference for the Committee can be found on our website at www.britvic.com/governance.

To enable the Committee to discharge its responsibilities, discussions on a broad range of topics and reports were held with management, internal audit and the external auditors throughout the year. This provided us with insight into the progress towards the company's strategic goals and the challenges and risks, and how they are being managed. The activities of the Committee can be found in the table on page 65 opposite.

The Committee has an open dialogue throughout the year with the Director of Audit and Risk and the external auditors in order to raise challenges and questions to support understanding whilst sharing experience and an independent perspective.

The most significant matters discussed over the course of the year are described in this report.

Responsibilities

- Reviewing the financial results announcements and financial statements, and any significant financial reporting issues and judgements which they may contain.
- Advising the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.
- Ensuring compliance with applicable accounting standards and reviewing the appropriateness of accounting policies and practices in place.
- Assessing the adequacy of the internal control environment and the processes in place to monitor this, including reviewing the activities and performance of the internal audit team.
- Reviewing risk management processes and considering the adequacy of the actions being taken to identify risks and reduce the exposure of the Group to those risks.
- Overseeing the relationship with the external auditors, reviewing their activities in making recommendations to the Board in relation to their appointment, remuneration and terms of engagement, independence, objectivity and effectiveness.
- Ensuring that appropriate safeguards are in place for individuals to raise issues with the Board where a breach of conduct or compliance, including any financial reporting irregularity, is suspected.

Committee meetings

The Committee meets three times a year: in November and May to review the Annual Report and Accounts and interim report respectively and to consider the external audit findings, and in September to review the activities of the previous year, the plan for the year ahead and to consider any emerging issues. At each meeting the performance and findings of the internal audit team are reviewed, and the most recent key risks are considered.

The attendance of the Committee for each meeting during the year can be found on page 59. Attendees at each of the meetings are the Committee's members as well as, by invitation as appropriate, the Chairman, the Chief Executive Officer, the Chief Financial Officer, the Director of Financial Controls and Governance, the General Counsel, the Director of Audit and Risk, and the external auditor, Ernst and Young LLP as well as any others that the Committee feels necessary for a full discussion of matters on the agenda.

Each meeting allows time for the Committee to speak with key people without the presence of the others, in particular the external auditor and the Director of Audit and Risk.

Main activities during the year

Committee meetings usually take place prior to a Board meeting. The Chairman of the Committee subsequently reports on the activities of the Committee and matters of particular relevance to the Board.

Audit Committee meeting dates	Key agenda items
November	Review of the Annual Report and Financial Statements, including changes to accounting policies, key issues and judgements and assessment that the statements are fair, balanced and understandable Review of the CFO's report on accounting issues and judgements Review of the external audit findings, including any accounting and audit adjustments Assessment of the effectiveness of external auditors, including audit process, independence and objectivity Recommendation on the appointment of the external auditors Internal audit update, including review of risk management processes
May	Review of the interim financial report, including any changes to accounting policies Review of the external audit findings, including any accounting and audit adjustments Review of the annual external audit plan, including scope of engagement for the year Review and assess performance against the internal audit plan and review all significant reports and management's responsiveness to the findings and recommendations Review and update on the corporate risk process Cyber security risk update
September	Review of key accounting judgements for the full year financial statements and any potential issues Internal audit and risk update, including approval of audit plan for the next financial year, significant audit findings and progress against previous outstanding audit actions Review of external auditors plan and progress on non-financial metrics assurance Review of status of risk management processes, including a review of the viability statement work

Fair, balanced and understandable assessment

At the request of the Board, the Committee considered whether the 2018 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy. To enable the Board to have confidence in making this statement, the Committee considered the elements in the table below:

Fair	Balanced	Understandable
Is the whole story being presented?	Is there a good level of consistency between the narrative in the front section and the financial reporting in the back section of the report?	Is there a clear framework to the report?
Has any sensitive material been omitted that should have been included?	Is the Annual Report considered a document fit for shareholders? Are statutory and adjusted measures explained clearly with appropriate prominence?	Are the important messages highlighted appropriately throughout the document?
Are the key messages in the narrative reflected in the financial reporting?	Are the key judgements referred to in the narrative reporting and the significant issues reported in the Audit Committee report consistent with the disclosures of key estimation uncertainties and critical judgements set out in the financial statements?	Is the layout clear with good linkage throughout in a manner which reflects the whole story?
Are the KPIs disclosed at an appropriate level based on the financial reporting?	How do they compare with the risks that the auditors plan to include with their report?	

To form its opinion, the Committee reflected on the information and reporting it received from management and the external auditors and the discussions that took place during the year. Key considerations for the Committee in 2018 included the following:

- The financial statements comply with all applicable financial reporting standards and any other required regulations.
- Material areas of significant judgement have been given due consideration by management and reviewed with the external auditors.
- The application of acceptable accounting policies and practices is consistent across the Group.
- The disclosures provided are clear, and as required by financial reporting standards.
- Reporting and commentary provides a fair and balanced view of company performance.
- Any correspondence from regulators received in relation to our financial reporting are considered and disclosures are updated if required.

To ensure that these considerations are met, reviews take place based on information provided by the Chief Financial Officer and his team at each Committee meeting as well as reports from the external auditor based on the outcomes of their half year review and annual audit.

AUDIT COMMITTEE REPORT

CONTINUED

Financial statements and significant issues

Revenue recognition	Revenue recognition is a key area of focus. The control, accounting and accuracy of long-term discounts, promotional discounts and account development funds are reviewed throughout the year to ensure that they remain consistent and IFRS compliant. From the accounting period starting 2 October 2017, the Group has adopted accounting standard IFRS15 with full retrospective application, and the Committee has reviewed the impact and additional disclosures as well as the updated revenue accounting policy which reflects these changes.
Valuation of goodwill and assets	The review of goodwill and intangible assets is based on a calculation of value in use, using cash flow projections based on market measures and financial budgets prepared by senior management and approved by the Board of Directors. The assessment models were reviewed as part of the audit, for which the external auditors provided reporting to the Committee. The Committee has also considered management reports on potential triggers of impairment and the outcome of sensitivity testing for all areas of the Group, including France, Ireland and Brazil, and the potential reversal of prior year impairments. The Committee concluded that it was appropriate to recognise a reversal of impairment in the Ballygowan trademark of £11.5m.
Adjusting items	Adjusting items are not reported as part of the financial statements but are used in the Annual Report to provide clarity on underlying performance for users of the accounts. The classification of adjusting items is defined by a Group policy, as approved by the Committee, and includes items of significant income and expense which due to their size, nature or frequency merit separate presentation to allow shareholders to understand better the elements of financial performance during the year. Management has reviewed items to be included with the Committee throughout the year in order to confirm appropriateness.
Derivative and hedging activities	The Group has derivative instruments to which hedge accounting is applied and which swap principal and interest of US Private Placement notes. The Committee reviewed reporting on comparisons of valuations to external confirmations and assessment of hedge effectiveness in order to be satisfied with the quality of financial statement disclosures.
Taxation	Uncertain tax positions within the Group were reviewed to ensure that the balance sheet provisions are appropriate, and that the Group effective tax rate is calculated appropriately. The Committee were also updated on the treatment of the new Soft Drinks Industry Levy during the year and how the Group prepared and implemented the required system changes.
Defined benefit pension scheme liabilities valuation	The Committee reviewed benchmarks and assumptions that are provided by the Group's actuaries and used to value the pension liabilities for the four defined benefit schemes. The underlying assumptions based on market conditions and the characteristics of the schemes are reviewed by management and conclusions reported to the Committee.

The Committee subsequently recommended to the Board that, taken as a whole, the Company's 2018 Annual Report is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Internal audit and control

The internal audit function carries out work across the company, providing independent assurance and advice to help the organisation achieve its strategic priorities. In September 2018, the Committee agreed the FY19 audit plan to be undertaken by the internal audit team prior to the start of the year. The audit plan coverage is based on risk, strategic priorities and consideration of the strength of the control environment. The Committee reviews the results of the internal audit reports during each meeting, looking in detail at any reports where processes and controls require improvement or any reports that are particularly pertinent to delivery of strategic objectives or priorities. The Committee was also provided with updates on internal audit findings, agreed actions and overall control environment progress at each meeting.

Where internal or external circumstances gave rise to an increased level of risk, the audit plan was modified accordingly during the year. Any changes to the agreed audit plan were presented to and agreed by the Committee. Detailed updates on specific areas were provided at the request of the Committee, such as findings from a post-incident review of supplier resilience following the shortage of carbon dioxide that caused disruption industry-wide over the summer.

Risk management

The risk management process facilitates the identification and prioritisation of risk through regular risk reviews and workshops with the Board, Executive Team, business units, key business functions and senior members of management across the organisation. This process is reviewed at each meeting by the Committee to ensure that it is set up to deliver appropriate risk management and effective prioritisation across the group.

A risk that can seriously affect the performance, future prospects or reputation of the company is deemed a principal risk. These are aligned to the company's strategic goals and priorities and each year the Executive Team perform a robust assessment of the principal risks facing the company which is reviewed by the Board. A summary of the principal risks and uncertainties to which the business is exposed can be found on pages 31-34.

Viability statement

The Committee reviewed management's work in conducting a robust assessment of those risks which could threaten the business model and the future viability of the company. This assessment included identifying severe but plausible scenarios for each of our principal risks as well as considering inter-dependencies and scenarios involving multiple risks. Additionally, reverse stress testing was carried out, allowing the Committee to model circumstances that could render the business unable to pay its liabilities as they fall due. To support the final conclusion on viability, the assessment also took into account the mitigations available to the company to protect against these downside scenarios. Based on this analysis, the Committee recommended to the Board that it could approve and make the Viability Statement on page 35.

Internal control

The Board is responsible for reviewing the adequacy and effectiveness of the risk management framework and the system of internal controls. The Board has delegated responsibility for this review to the Committee. Management in each business unit is responsible for establishing and maintaining adequate internal controls. Functions such as finance, legal, procurement, IT and HR are responsible for setting out the policies to be followed by the business units. The Committee, through the internal audit function, reviews the adequacy and effectiveness of internal control procedures, identifies any weaknesses and ensures that these are addressed within agreed timelines.

The internal control framework has been designed to manage rather than eliminate material risks to the achievement of our strategic and business objectives and can only provide reasonable, and not absolute assurance against material misstatement of loss.

Whistleblowing

The Group's whistleblowing policy contains arrangements for an independent service provider to receive, in confidence, reports of breaches of any legal or company policy requirements, including those related to accounting, auditing, risk, internal control and related matters. Any such disclosures are reported to the Committee as appropriate.

Effectiveness of external audit

There are a number of areas that the Committee considers in relation to the external auditors: their performance in discharging the audit and the interim review, their independence and objectivity, and their reappointment and remuneration. The Chairman of the Committee has regular contact with the external audit partner outside of Committee meetings and without the management of the business present.

The external auditors, Ernst and Young LLP ('EY'), provided the Committee with their plan for undertaking the year end audit which highlighted the proposed approach and scope of the audit for the coming year and identified the key areas of audit risk, including the audit approach for these areas. The Committee reviewed and appropriately challenged the basis for these before agreeing the proposed approach and scope of the external audit.

EY prepared a detailed report of their audit findings at the year end, which they took the Committee through at the meeting in November 2018. The findings were reviewed and discussed in detail by the Committee, particularly in relation to the key areas of audit risk previously identified. A similar review of the external auditors' report of their findings at the half year was undertaken by the Committee.

The Committee also considered the effectiveness of the audit in relation to its robustness, the quality of the audit delivery and the quality of the people and service, and has concluded that EY remain effective as external auditors.

Independence and reappointment

The Committee reviews the independence of the auditors throughout the year and confirms that it considers EY to remain independent. The Committee confirms compliance with the Statutory Audit Service for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, having last carried out a competitive tender for audit services in 2016. EY have been auditors to the company since flotation in 2005.

The external auditors are required to rotate the lead audit partner every five years. A new lead auditor partner led the FY18 audit, having shadowed key meetings with the outgoing partner in the prior financial year. Based on the Committee's recommendation, the Board is proposing that EY be reappointed to office at the AGM in January 2019.

Non-audit fees

The Group has a policy regarding the provision of non-audit services by the external auditors. Any non-audit services provided must be pre-approved by the Committee Chairman unless the activity will have a total value of less than £5,000 and falls within the allowed services defined by FRC guidance.

Control over total non-audit fees is also exercised by reviewing spend on all activities proposed or provided by the external auditor and we can confirm that we are well within the FRC guidance of 70% cap that will be required from 2019.

Board evaluation

The Committee was evaluated as part of the overall Board evaluation described on page 62. The conclusion of the evaluation was that the Committee continues to work effectively and was highly rated overall. Good relationships with the CFO, internal and external auditors were noted, and excellent scores were achieved on the effectiveness of assessing financial reporting and the internal control system. Following a successful transition in external audit partner, continuing to operate at a high standard was identified as a priority going forward.

Ian McHoul
Audit Committee Chairman
28 November 2018

DIRECTORS' REMUNERATION REPORT



Sue Clark
Remuneration Committee Chair

Annual statement from the Remuneration Committee Chair

Dear Shareholder

As Chair of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 30 September 2018.

The updated remuneration policy was presented to shareholders at the January 2018 AGM and received 87.5% of votes in favour. Similarly, the annual report on remuneration received strong support of 95.4% votes 'For'. The Committee was pleased with this outcome but has spent time since the AGM to understand the reasons why some shareholders did not support the policy. In its deliberations, the Committee is mindful of its responsibility to ensure that there is a balance between incentivising the delivery of the business strategy in a sustainable way, attracting and retaining the best people to deliver it and at the same time considering our wider stakeholder responsibilities.

Against this backdrop, the Committee has begun to consider the implications of the recently published UK Corporate Governance Code (the 'Code'). The revised Code comes into effect from 1 January 2019 and will apply to Britvic for the financial year beginning 1 October 2019. During the year ahead, the Committee will focus on the actions it needs to take to implement the new Code, particularly in relation to engagement with employees and the broader stakeholder community.

Stakeholder engagement

During the year the Committee, along with the Board, undertook visits to Britvic locations, including Rugby, where significant investment is being made under our business capability programme. This allowed the Committee to engage directly with the workforce and their invaluable feedback will be considered during 2018/19 as the Committee formalises its approach to employee engagement.

Business performance and remuneration outcomes for the year

As detailed in the Chief Financial Officer's review, despite the challenges caused by the CO₂ shortage over the summer, the business has remained resilient and delivered another strong performance. This has resulted in the following outcomes:

- Annual bonus payouts for Executive Directors at 89% of the maximum opportunity reflecting a strong performance on profit and cash flow above expectations.
- The performance share plan awarded in 2015 will vest at 50% of the maximum opportunity. EPS compound annual growth of 7.0% will realise a 33.0% vesting, an outcome of the particularly stretching targets when correlated to the TSR performance that was above upper quartile over the three-year period when compared to the comparator group, and that element will vest in full.
- The executive share option plan awarded in 2015 will vest at 33% of the maximum opportunity, is aligned to the EPS result noted above and the sustained EPS growth over the performance period.

The above payouts were agreed by the Committee in the context of performance against the targets set and the underlying performance of the business over the respective performance periods. In line with the remuneration reporting regulations, details of the performance targets and actual achievement against these are set out in the Annual Report on Remuneration.

Looking ahead to 2018/19

The new Code will not be effective for Britvic plc until the 2019/20 financial year. Nonetheless the Committee has commenced an exercise to discuss and consider the revised Code and its potential implications. Britvic's remuneration structure is broadly aligned with the requirements and the new Code, although it will be necessary to introduce changes

in certain areas. The Committee is also reviewing how it implements the expansion of its remit under the Code, although the Committee is already responsible for setting pay for senior employees immediately below the Board level and has oversight of the approach taken for the broader employee population. The Committee has set aside time for an in-depth review during 2018/19 to develop a meaningful and sustainable approach to the relevant aspects of the new Code.

In October we announced that Mathew Dunn, Chief Financial Officer, will be leaving the business. He will receive his salary and benefits during his notice period, and his annual bonus and awards under the long-term incentive plans (to the extent that they vest) in respect of the completed 2017/18 financial year, as detailed in this report. He will not receive any bonus, salary increase or be awarded further grants under the Company's long-term incentive plans in respect of the 2018/19 financial year. All unvested awards shall lapse upon his cessation, as will unexercised options.

Following the resignation of the CFO the Committee will be considering the remuneration of the incoming CFO, in line with the policy.

The Committee has agreed to increase the CEO's base salary effective 1 January 2019 from £612,000 to £627,300, an inflationary increase of 2.5% in line with the 2.5% awarded to the wider UK employee population.

The remainder of the report sets out:

- A summary of the remuneration outcomes for 2017/18 and the application of the Remuneration Policy for 2018/19 (pages 69-73).
- The Annual Report on remuneration, which is subject to an advisory shareholder vote at the January 2019 AGM, and sets out the details of payments made to Directors in respect of the year ended 30 September 2018 (pages 74-83).

I look forward to receiving your support on the Annual Report on Remuneration at the January 2019 AGM. Should you have any questions relating to our approach to Executive remuneration, please feel free to contact me at investors@britvic.com.

Sue Clark
Remuneration Committee Chair
28 November 2018

I. At a glance

This section summarises the remuneration outcomes for the 2017/18 year, the link between remuneration and our strategy, and a summary of the new Remuneration Policy approved at the 2018 AGM and its application for 2018/19. The full Britvic plc Remuneration Policy can be found in the 2017 Annual Report, available on the Britvic plc website at www.britvic.com.

Our remuneration principles

Our Remuneration Policy is designed to support our overall vision to become the most dynamic, creative and trusted soft drinks company in the world. Our people are at the heart of our business. Our aim is to attract, engage and retain the very best talent from across our global sector. To determine the shape, size and variability of each element of pay the Committee follows five key remuneration principles:

Competitive market positioning and opportunity	To attract, retain and engage the Executive talent we need to realise our vision and deliver our strategy, our remuneration arrangements need to be sufficiently competitive but not excessive.
Pay aligned with sustainable long-term performance	The mix between both fixed and variable pay, as well as the balance between rewarding short versus long-term performance, are critical to ensure that we reward those behaviours that will lead to the realisation of our long-term vision without compromising short-term gain. All forms of variable pay are only fully delivered in return for performance materially above the standards required by Britvic and our shareholders – in other words, the superior pay opportunity available can only be realised in return for superior performance.
Incentive metrics aligned with our strategy and key KPIs	The performance measures selected to determine both our annual bonus and long-term incentive plans have been carefully considered to focus on a simple and effective selection of those key drivers of our strategy and long-term value creation for our shareholders.
Alignment of Executive and shareholder interests	To ensure the continued alignment of Executive and shareholder interests, the greatest potential pay opportunity for Executives is via our long-term incentive plans. Share based awards are dependent on a balance of absolute and relative growth in long-term value creation for shareholders. In particular, the mix of share options and performance shares is designed to ensure that Executives are only rewarded for superior market performance and the realisation of our vision. This is further reinforced by meaningful shareholding guidelines for Executives so that their long-term wealth remains tied to Britvic's sustained long-term success.
Mindful of our wider stakeholder responsibilities	In support of our vision, our Executive Directors' pay arrangements are not only focused on financial returns but also mindful of performance against our wider long-term stakeholder goals. The Committee takes great care to set appropriate targets that do not compromise our wider stakeholder aspirations. Both malus and claw-back provisions are in place to address potential inappropriate actions or risk-taking when determining incentive plan payouts.

Single total figure of remuneration for Executive Directors 2017/18

Through the implementation of the Remuneration Policy and principles, the total remuneration received for 2017/18 by Executive Directors is as follows:

	Fixed Pay			Performance Related Pay ¹		Total
	Salary £'000	Benefits £'000	Pension £'000	Bonus £'000	LTIP £'000	£'000
Executive Directors						
Simon Litherland	608.5	18.0	152.6	757.6	610.7	2,147.4
Mathew Dunn	364.9	15.2	80.5	389.3	196.3	1,046.2

Note:

1. Variable pay outcomes are summarised in the tables on page 70.

DIRECTORS' REMUNERATION REPORT CONTINUED

Summary of performance related pay for 2017/18

i) Annual bonus

Shown below are the performance outcomes versus the performance measures set for the annual bonus:

Measure	Weighting	Threshold	Target	Maximum	% Maximum achieved	% Maximum bonus achieved
Adjusted profit before tax & amortisation	50%	£178.8m	£182.8m	£187.2m	82%	41%
Net revenue	20%	£1,562.0m	£1,582.2m	£1,608.2m	100%	20%
Net revenue from innovation	10%	£84.8m	£94.2m	£101.5m	78%	8%
Adjusted free cash flow	20%	£41.4m	£46.0m	£55.3m	100%	20%
Total	100%	0%	50%	100%	89%	89%

Notes:

- Adjusted profit before tax & amortisation (PBTA) – Profit before tax and adjusting items.
- Net revenue – Net revenue performance on a constant currency basis.
- Net revenue from innovation – Net revenue from innovation products on a constant currency basis.
- Adjusted free cash flow – cash flow excluding movements in borrowings, dividend payments and adjusting items.

These measures and definitions are consistently used throughout this Remuneration Report.

ii) Long-term incentives

Shown below are the outcomes versus the performance conditions set and vesting levels for the 2015 Performance Share Plan ('PSP') and 2015 Executive Share Option Plan ('ESOP'):

ESOP

Measure	Weighting	Threshold	Target	Maximum	% Maximum vesting achieved
EPS	100%	6%	7%	12%	33.3%

PSP

Measure	Weighting	Threshold	Target	Maximum	% Maximum vesting achieved
EPS	75%	6%	7%	12%	25.0%
TSR	25%	Median	Upper quartile	100%	25.0%
Total	100%	0%	50%	100%	50.0%

Note:

- The Committee reviewed underlying return on invested capital (ROIC) over the performance period and deemed performance appropriate relative to the EPS growth delivered.

Summary of implementation of the Remuneration Policy for 2018/19

The table below shows how the Remuneration Policy will be implemented for the two Executive Directors for 2018/19, noting the treatment for Mathew Dunn, following his resignation:

Policy Element	Simon Litherland (CEO)	Mathew Dunn (CFO)
Base salary	£627,300 2.5% increase.	£375,000 0% increase.
Pension	28% of salary, paid as a 25% cash allowance.	23% of salary, paid as a Defined Contribution of £7,500 plus a 20% cash allowance.
Annual bonus	Target 70% of salary to maximum 140% of salary.	No Bonus.
Annual bonus measures	For 2018/19, the following performance metrics and weightings apply to the bonus: 50% adjusted profit before tax & amortisation, 30% revenue (split total net revenue 20% and net revenue from innovation 10%) and adjusted free cash flow 20%.	
ESOP	Maximum 300% of salary with a two-year post vest holding period, awarded in market priced options.	No award.
ESOP measures	EPS growth: Three-year EPS growth of 3% to 8% per annum on a straight-line basis will apply for threshold to maximum performance, respectively.	
PSP	Maximum 150% of salary with a two-year post vest holding period.	No award.
PSP measures	75% EPS growth: Three-year EPS growth of 3% to 8% per annum on a straight-line basis will apply for threshold to maximum performance, respectively. 25% three-year relative TSR: Threshold performance of the median of the comparator group, increasing on a straight-line basis to 100% vesting for upper quartile performance. The Committee will also consider underlying ROIC over the performance period to ensure that it remains appropriate relative to the EPS growth delivered.	
Payment for threshold performance	For the Annual Bonus, 0% of maximum will be awarded. For the ESOP and PSP, 20% of maximum will be awarded.	
Malus and clawback	Malus and clawback may be applied to annual bonus and LTIP awards in certain conditions where the payment of the bonus resulted from a material misstatement in the company's accounts or an error in the assessment of the satisfaction of a performance condition.	
Shareholding requirement	200%	200%

DIRECTORS' REMUNERATION REPORT CONTINUED

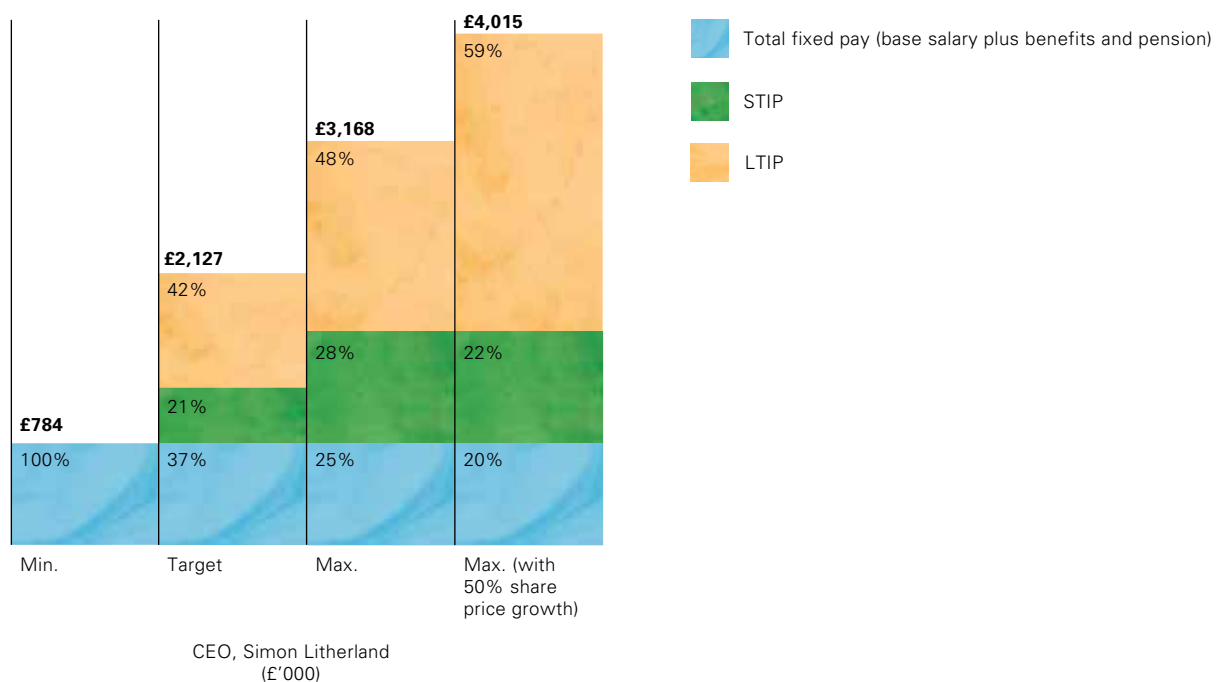
Illustration of the application of Remuneration Policy

As described in the remuneration principles section on page 69, the Committee believes that our Executive remuneration packages should provide a significant part of potential reward through performance-based incentive plans. Set out below are the potential total pay outcomes for Simon Litherland across four alternative performance scenarios under the current Remuneration Policy. The four scenarios are minimum, on-target, maximum performance and maximum performance together with an assumed 50% increase in share price. For simplicity, the illustrations below are calculated before any change in share price and roll-up of dividends.

The chart has been prepared using the following assumptions:

- 1) Base salary as at 1 October 2018.
- 2) Benefits reflect those estimated to be paid in 2018/19.
- 3) Target bonus is calculated at 50% of maximum opportunity.
- 4) Target vesting for the PSP is 60%, being the mid-point between threshold and maximum vesting level.
- 5) Options awarded under the ESOP are valued on the standard market value for options of 30% of the face value of award. A target vesting of 60% values the ESOP award at 18% of the maximum value.
- 6) LTIP at 50% share price growth is calculated as the sum of (150% of maximum PSP award) + (50% x maximum ESOP award).

A chart has not been prepared for the outgoing CFO, and a chart for the incoming CFO will be produced for the next appropriate Directors' Remuneration Report.



Implementation of the Remuneration Policy for other employees

The implementation of the Remuneration Policy described above applies specifically to Executive Directors. Where possible, principles set out in the policy have been applied to all employees to achieve alignment as per the below table:

Element	Application of policy for other employees
Base salary	Paid in cash and reviewed annually, normally taking effect 1 January. Salaries are set with reference to internal pay levels, as well as local market competitiveness compared with roles of a similar nature and size of responsibility.
Benefits	Britvic provides local market typical benefits focused on employee health and wellbeing. The majority of UK employees participate in the company's flexible benefits plan.
Pension	Subject to local market practice and regulations. GB employees have rights under the GB legacy defined benefit pension arrangement, which is now closed to future accrual (the plan was closed to Executives at the same time). A defined contribution pension scheme was introduced following the closure of the defined benefit pension scheme in which UK employees are entitled to participate.
Annual bonus	Approximately 250 leaders and senior managers participate in bonus arrangements with measures aligned to that of the Executive Directors. Typically, all other employees are eligible to receive a bonus linked to profit and revenue of the company as well as their individual performance.
Long-term incentives	The performance share plan is awarded to approximately 90 leaders globally each year. Approximately 15 leaders also receive options under the Executive share option plan. Performance conditions for both awards are linked to those of the Executive Directors.
All employee share plans	Where possible, we offer employees annual free share awards linked to company performance as well as the opportunity to purchase Britvic shares. In some locations, alternative local profit sharing arrangements are available, depending on local market practices and legislation.

The value of each element that the employee may receive will vary according to the employee's seniority and level of responsibility.

REMUNERATION COMMITTEE REPORT

Committee members

Sue Clark (Chair)

John Daly

William Eccleshare¹

Ben Gordon²

Ian McHoul

Notes:

1. William Eccleshare was appointed to the Remuneration Committee on 29 November 2017.
2. Ben Gordon stepped down from the Remuneration Committee on 31 January 2018.

In line with the 2016 UK Corporate Governance Code, throughout the year the Committee consisted wholly of independent Non-Executive Directors. While the Chair, who was independent on initial appointment, is a member of the Committee, she is not present when her own remuneration is under discussion.

Role and responsibilities

The Committee's terms of reference are in line with the 2016 UK Corporate Governance Code and can be found at www.britvic.com/governance. The revised UK Corporate Governance Code comes into effect from January 2019, and will therefore apply to Britvic for the first time from 1 October 2019, the Committee's terms of reference will be updated in due course to reflect the new Code.

The Committee has responsibility for the following:

- Reviewing Executives' remuneration in terms of the pay policy of the company as a whole, pay and conditions elsewhere in the Group, and the overall cost on behalf of shareholders.
- Determining, within agreed terms of reference, and taking into account corporate performance on environmental, social and governance issues, the remuneration of the Chairman and specific remuneration packages for each of the Executive Directors and other members of the Executive team, including pension rights, any compensation payments and benefits.
- Approving the design and operation of the company's incentive arrangements, both short and long-term. This includes agreeing the targets that are applied to awards made to senior executives.
- Responsibility for all of the company's employee share plans and the share dilution position.
- Ensuring, via regular reviews, that the company's pay policies remain appropriate and relevant.

Committee meetings

The Committee meets no less than three times a year. At the invitation of the Chair of the Committee, the Chief Executive Officer, Chief Financial Officer, Chief Human Resources Officer, Director of Reward and the Company Secretary attend the meetings of the Committee to provide input to assist with the consideration of particular items, except when their own remuneration is under consideration. The attendance of the Committee for each meeting during the year can be found on page 59.

Remuneration Committee meeting dates	Key agenda items
October 2017	Review of Executive remuneration payout projections 2016/17. Annual bonus 2017/18 detailed design and targets. Review of FY16/17 Directors' Remuneration Report. 2018 salary reviews for CEO and Executive Committee. Chairman's remuneration review. Update on the Executive teams' shareholding requirements. Annual Calendar for 2018.
November 2017	2016/17 Bonus and LTIP outcomes, subject to final accounts being approved by the Board. 2017/18 ESOP and PSP targets and grants for all participants. Approval of final draft of FY16/17 Directors' Remuneration Report.
May 2018	Consideration of recent market trends and governance developments in UK executive compensation and implications for Britvic. Consideration of Executive remuneration payout projections for 2017/18 and beyond. Consideration of any feedback on the Directors' Remuneration Report from advisor bodies and investors.
September 2018	Consideration of governance developments in UK executive compensation and implications for Britvic. Review of 2017/18 bonus and LTIP projected outcomes. Consideration of 2018/19 Remuneration Policy and design. Annual calendar for 2019.

Advisors

PwC was appointed as advisor to the Committee in August 2014 following a competitive tender process. The company is also advised by PwC on other remuneration-related items and provided consulting support on non-remuneration related issues. PwC is a member of the Remuneration Consultants Group (the professional body for executive remuneration consultants). PwC's fees in respect of advice to the Committee in the year under review were £59,275 and were charged partly on a fixed fee basis and partly on a time and expenses basis, in line with the firm's standard terms of business for advice provided.

During the year, Addleshaw Goddard LLP was also engaged by the Committee to provide legal advice on contractual arrangements and share schemes.

Unless otherwise stated, these advisors have no other connection with the company. The Committee, based on its experience, is satisfied that the advice it received from these organisations was objective and independent.

Statement of implementation of Remuneration Policy in the following year

As reported on page 68 there will be no increase in base salary for Mathew Dunn, the outgoing CFO, nor will he be eligible to receive an annual bonus or awards under the long-term incentive plans in 2018/19. Any newly appointed CFO during 2018/19 will be remunerated in line with the approved Remuneration Policy and so may receive an annual bonus and/or awards under the long-term incentive plans as appropriate.

The new Remuneration Policy approved at the January 2018 AGM will continue to be implemented from the commencement of the new financial year (2018/19) as follows:

Base salary

Implemented in line with Policy.

The CEO will receive a salary increase of 2.5%, effective 1 January 2019, in line with the wider UK employee population.

	2018 base salary £'000	2019 base salary £'000	Increase
Simon Litherland	612.0	627.3	2.5%
Mathew Dunn	375.0	375.0	0.0%

Benefits and pension

Implemented in line with Policy.

Annual bonus

Implemented in line with Policy, Mathew Dunn will not be eligible to participate in the 2018/19 annual bonus.

The bonus measures¹ and weightings for 2018/19 are:

- Adjusted profit before tax and amortisation (50%)
- Total net revenue (20%)
- Net revenue from innovation (10%)
- Adjusted free cash flow (20%).

The target award amount for the CEO is 70% of base salary and the maximum award value is 140% of base salary.

The Committee is of the view that the performance targets under the bonus plan are commercially sensitive and that it would be detrimental to the interests of the company to disclose them before the start of the financial year. Disclosure of targets in advance could lead the company to be at a disadvantage, as many competitors are not subject to the same levels of disclosure. Targets and the performance against them will be disclosed in the Directors' Remuneration Report following the end of the financial year.

Note:

1. Performance measures defined as follows:
Adjusted profit before tax and amortisation (PBTA) – measured before adjusting items on a constant currency basis.
Total net revenue and Net revenue from innovation – measured on a constant currency basis.
Adjusted free cash flow – measured excluding movements in borrowings, dividend payments and adjusting items.

REMUNERATION COMMITTEE REPORT

CONTINUED

Long-term incentive plans (ESOP and PSP)

Implemented in line with Policy, Mathew Dunn will not be eligible to receive a grant in 2019 in respect of the LTIP.

ESOP	Performance conditions and targets set	Award at threshold vesting, (20% of maximum) % of salary	Maximum potential value % of salary	Face value of awards £'000	Performance period
Simon Litherland	Threshold vesting for EPS growth of 3% p.a. Maximum vesting for EPS growth of 8% p.a. Vesting is on a straight line basis between threshold and maximum.	60%	300%	1,836	3 years commencing 1 October 2018

When considering the value of the award to the Executives, the methodology is explained on page 72, the maximum potential value of ESOP awards is valued at 30% of the face value, reflecting that no gain is made unless share price growth is achieved in addition to the performance conditions.

PSP	Performance conditions and targets set	Award at threshold vesting, (20% of maximum) % of salary	Maximum potential value % of salary	Face value of awards £'000	Performance period
Simon Litherland	EPS growth (75% weighting): Threshold vesting for EPS growth of 3% p.a. Maximum vesting for EPS growth of 8% p.a. Relative TSR (25% weighting): Threshold payout for ranking at median vs the comparator group of 17 companies and maximum payout for ranking at or above the upper quartile.	20%	150%	918	3 years commencing 1 October 2018

Notes:

- The Committee will also consider underlying ROIC over the performance period when assessing the vesting of the PSP to ensure it remains satisfactory.
- The relative TSR comparator group will be made up of the following 17 companies: AG Barr plc, Associated British Foods, C&C Group, Dairy Crest, Diageo, Fuller Smith & Turner, Glanbia, Greencore, Greene King, Marston's, Nichols, Origin Enterprises, Premier Foods, Reckitt Benckiser, Smith & Nephew, Tate and Lyle, Wetherspoon.
- Awards vesting under the LTIP will be subject to a two year post vest holding period.

Single total figure of Directors' remuneration (subject to audit)

Non-Executive Directors

Details of the total fees paid to Non-Executive Directors and the Chairman for the year ended 1 October 2017 and 30 September 2018 are set out in the table below. The Non-Executive Director basic fee increased by 2% on 1 January 2018 from £55,000 to £56,100. No increase was awarded to the Chairman, Chair of Committee or Senior Independent Director fees.

	Basic Fee £'000		Remuneration Committee Chair fee £'000		Audit Committee Chair fee £'000		Senior Independent Director fee £'000		Total fees paid £'000	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
John Daly	240.0	62.8	–	8.6	–	–	–	8.6	240.0	80.0
Ian McHoul	55.8	55.0	–	–	9.0	9.0	9.0	0.4	73.8	64.4
Ben Gordon ¹	18.3	55.0	–	–	–	–	–	–	18.3	55.0
Sue Clark	55.8	55.0	9.0	0.4	–	–	–	–	64.8	55.4
Euan Sutherland	55.8	55.0	–	–	–	–	–	–	55.8	55.0
Suniti Chauhan ²	46.6	–	–	–	–	–	–	–	46.6	–
William Eccleshare ²	46.6	–	–	–	–	–	–	–	46.6	–

Notes:

- Ben Gordon resigned from the Board on 31 January 2018.
- Suniti Chauhan and William Eccleshare were appointed as Non-Executive Directors on 29 November 2017.

Executive Directors

The table below sets out the total and a breakdown of the remuneration received by each Executive Director during the year under review. Additional details of each component are set out below the table.

	Simon Litherland (CEO)		Mathew Dunn (CFO)	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Salary	608.5	600.0	364.9	340.0
Benefits	18.0	18.3	15.2	15.4
Annual bonus	757.6	689.2	389.3	334.6
LTIP ^{1 2}	610.7	694.1	196.3	—
Pension	152.6	147.6	80.5	76.2
Total	2,147.4	2,149.2	1,046.2	766.2

Notes:

- 2017 LTIP values re-stated based on the share price at vesting of 805.00p on 1 December 2017.
- 2018 LTIP values based on the average share price over the last quarter of 2018 of 796.26p.

i) Base salary – Corresponds to the amounts received during the year

During the year under review, Simon Litherland received a salary increase of 2% in line with the wider employee population.

Mathew Dunn received a salary increase of 10%, consisting of an 8% adjustment to reflect development and performance in role, and a 2% increase in line with the wider population.

ii) Benefits – Corresponds to the taxable value of all benefits paid in respect of the year

Benefits comprise car allowance, private medical assurance, life assurance and free and matching shares under the Share Incentive Plan.

iii) Pension

The table below sets out the value of the defined contribution ('DC') pension contributions and the cash allowances paid to Directors for the year under review.

	Value of cash allowance paid £'000	Value of defined contribution pension contributions £'000	Total value of pension shown in Total Single Figure table £'000
Simon Litherland	152.6	0.0	152.6
Mathew Dunn	73.0	7.5	80.5

Simon Litherland's and Mathew Dunn's normal retirement age is 60. Mathew Dunn receives a contribution to the DC section of the Britvic Pension Plan up to the HMRC annual allowance each tax year. The balance of his entitlement is paid as a cash allowance.

The cash allowance payable to the executives reflects contributions the company would have made to the DC section of the Plan had these individuals elected to join, less a deduction to ensure the cash allowance is cost neutral to the company from a National Insurance perspective.

- Simon Litherland receives a cash allowance of 24.6% of pensionable pay (base salary only).
- Mathew Dunn receives a defined contribution of £7,500 and a cash allowance of 20.0% of pensionable pay (base salary only).

iv) Annual bonus – Corresponds to the total bonus earned under the bonus plan in respect of 2018 performance

The table below sets out the bonus outcome for each Executive and the respective performance targets and actual achieved performance.

Performance measure	Weighting % of bonus maximum	Performance required for threshold payout	Performance required for target payout	Performance required for maximum payout	Actual performance
Adjusted PBTA	50%	£178.8m	£182.8m	£189.7m	£187.2m
Net revenue	20%	£1,562.0m	£1,582.2m	£1,600.8m	£1,608.2m
Adjusted free cash flow	20%	£41.4m	£46.0m	£55.3m	£65.0m
Net revenue from innovation	10%	£84.8m	£94.2m	£101.5m	£98.2m
Total	100%				

REMUNERATION COMMITTEE REPORT CONTINUED

Performance measure	2018 maximum bonus opportunity % of salary		2018 bonus earned % of salary		2018 bonus earned £'000	
	CEO	CFO	CEO	CFO	CEO	CFO
PBTA	70.0%	60.0%	57.6%	49.4%	350.5	180.2
Net revenue	28.0%	24.0%	28.0%	24.0%	170.4	87.6
Free cash flow	28.0%	24.0%	28.0%	24.0%	170.4	87.6
Net revenue from innovation	14.0%	12.0%	10.9%	9.3%	66.3	33.9
Total	140.0%	120.0%	124.5%	106.7%	757.6	389.3

v) Long-term incentives – Corresponds to the vesting outcome of the 2015 ESOP and PSP with three year performance periods ending 30 September 2018

2015 ESOP	Performance conditions and targets set	Maximum potential value	Performance outcome	Level of award vesting % of maximum	Total value of vesting £'000	Number of shares
Simon Litherland	Threshold vesting for EPS growth of 6% p.a.	300% of salary	EPS growth at 7.0% p.a.	33.3%	68.6	81,417
Mathew Dunn	Maximum vesting for EPS growth of 12% p.a. Vesting is on a straight line basis between threshold and maximum. Exercise price for the options is 712.00p.	200% of salary		33.3%	26.8	31,818

2015 PSP	Performance conditions and targets set	Maximum potential value	Performance outcome	Level of award vesting % of maximum	Total value of vesting £'000	Number of shares
Simon Litherland	EPS (75% weighting):	150% of salary	EPS growth at 7.0% p.a.	50.0%	542.1	68,086
Mathew Dunn	Threshold vesting for EPS growth of 6% p.a. Maximum vesting for EPS growth of 12% p.a. Vesting is on a straight line basis between threshold and maximum. Relative TSR (25% weighting): Threshold payout for ranking at median vs the comparator group of 17 companies and maximum payout for ranking at or above the upper quartile.	80% of salary	Britvic's TSR was positioned above the upper quartile vs the comparator group. Overall the result is 50% of the total award vesting. Rolled up dividends earned over the period are included within the total value of the vesting award.	50.0%	169.5	21,285

Notes:

- The combined PSP and ESOP vesting values were estimated at £610,744 for Simon Litherland and £196,294 for Mathew Dunn.
- A share price estimate of 796.26p was used to calculate the value of the above awards which is based on the average closing share price over the last quarter of the financial year.
- The relative TSR comparator group is made up of the following 17 companies; AG Barr plc, Associated British Foods, C&C Group, Dairy Crest, Diageo, Fuller Smith & Turner, Glanbia, Greencore, Greene King, Marston's, Nichols, Origin Enterprises, Premier Foods, Reckitt Benckiser, Smith & Nephew, Tate and Lyle, Wetherspoon.
- Threshold vesting for this award is set at 20% of maximum for both PSP and ESOP.

Outside appointments

Simon Litherland resigned from his position as the President and Chairman of ISBA (the voice of British advertisers) on 3 November 2017 and he is a Non-Executive Director of Persimmon plc, for which he received £60,000 in fees in the year to 30 September 2018.

Scheme interests awarded during the year

The following tables set out the ESOP and PSP awards granted to Executive Directors under the LTIP during the year under review (2017/18). All awards are subject to performance conditions and were granted on 19 December 2017.

ESOP	Performance conditions and targets set	Award at threshold vesting, (20% of maximum) % of salary	Maximum potential value	Face value of awards £'000	Performance period
Simon Litherland	Threshold vesting for EPS growth of 3% p.a.	60%	300% of salary	1,836.0	3 years ending 4 October 2020
Mathew Dunn	Maximum vesting for EPS growth of 8% p.a.	40%	200% of salary	750.0	
	Vesting is on a straight line basis between threshold and maximum.				
	Exercise price for the options is 792.00p.				

PSP	Performance conditions and targets set	Award at threshold vesting, (20% of maximum) % of salary	Maximum potential value	Face value of awards £'000	Performance period
Simon Litherland	EPS growth (75% weighting):	30%	150% of salary	918.0	3 years ending 4 October 2020
Mathew Dunn	Threshold vesting for EPS growth of 3% p.a.	16%	80% of salary	300.0	
	Maximum vesting for EPS growth of 8% p.a.				
	Vesting is on a straight line basis between threshold and maximum.				
	Relative TSR (25% weighting):				
	Threshold payout for ranking at median vs the comparator group of 17 companies and maximum payout for ranking at or above the upper quartile.				

Notes:

1. The share price used to determine the award levels for the PSP and ESOP was 792.00p as at the date of grant.
2. The Committee will also consider underlying ROIC over the performance period when assessing the vesting of the PSP to ensure it remains satisfactory.
3. The relative TSR comparator group is made up of the following 17 companies; AG Barr plc, Associated British Foods, C&C Group, Dairy Crest, Diageo, Fuller Smith & Turner, Glanbia, Greencore, Greene King, Marston's, Nichols, Origin Enterprises, Premier Foods, Reckitt Benckiser, Smith & Nephew, Tate and Lyle, Wetherspoon.

REMUNERATION COMMITTEE REPORT

CONTINUED

Directors' shareholding requirements and interests in shares

The table below sets out the shareholding of Directors and connected persons and requirements as at 1 October 2018. A shareholding requirement of 200% of salary for the CEO and 200% for the CFO applies. The CEO was appointed to role in February 2013 and currently has a shareholding of 235% of salary. The CFO was appointed to role on 25 November 2015 and currently has a shareholding of 2% of salary. Under the shareholding requirement arrangement both Executive Directors may not sell any vested shares from the company LTIPs (except to settle taxes and the payment of exercise prices or following approval by the Committee) until their shareholding requirement has been satisfied.

Interest in shares in the Company as at 30 September 2018:

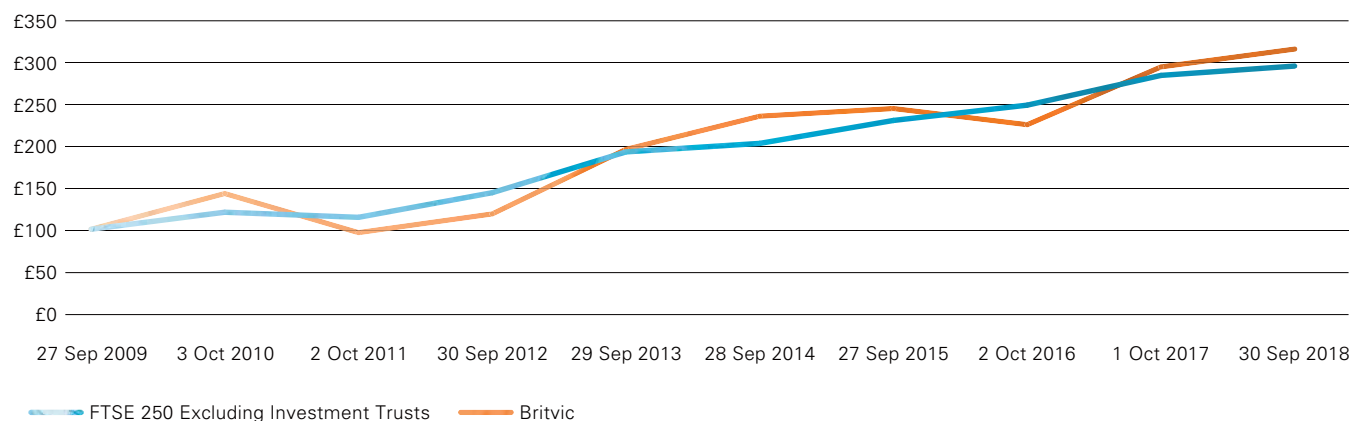
	Ordinary shares		Performance shares	Share options		
	Total shares	% of salary	Subject to performance conditions	Subject to performance conditions	Vested but unexercised	Exercised in the period
Simon Litherland	188,387	235	429,690	803,873	905,355	–
Mathew Dunn	1,075	2	139,948	306,870	–	–
John Daly	15,000	–	–	–	–	–
Sue Clark	16,324	–	–	–	–	–
Ian McHoul	10,000	–	–	–	–	–
Euan Sutherland	–	–	–	–	–	–
Suniti Chauhan	–	–	–	–	–	–
William Eccleshare	–	–	–	–	–	–

Note:

1. Based on 12 month average share price of 762.35p and salary as at 30 September 2018.

Performance graph and table

The graph below shows the Total Shareholder Return ('TSR') for Britvic plc and the FTSE 250 excluding investment trusts over the nine year period ended 30 September 2018. The table opposite shows total remuneration for the Chief Executive over the same period.



Britvic's historical TSR performance growth in the value of a hypothetical £100

The Committee considers the FTSE 250 (excluding Investment Trust Index) is a relevant index for total shareholder return as it represents a broad equity index in which the company is a constituent member.

Remuneration history for Chief Executive from 2010 to 2018

£'000	2010	2011	2012	2013	2014	2015	2016	2017	2018
Simon Litherland total single figure of remuneration	n/a	n/a	n/a	1,114.6	1,964.3	3,075.2	1,734.5	2,086.3	2,147.4
Paul Moody total single figure of remuneration	1,955.3	1,819.7	670.1	1,412.6	n/a	n/a	n/a	n/a	n/a
Bonus (% of maximum)	95%	0%	0%	0% for Paul Moody, 98.6% for Simon Litherland	72.2%	53.3%	80.6%	82.1%	88.9%
LTIP (% of maximum)	100% (ESOP 100%, PSP 100%)	89.6% (ESOP 86%, PSP 91%)	0% (ESOP 0%, PSP 0%)	0% for Paul Moody (ESOP 0%, PSP 0%) n/a for Simon Litherland	63.6% (ESOP 69.0%, PSP 50%)	100% (ESOP 100%, PSP 100%)	91.0% (ESOP 100%, PSP 65.8%)	59.4% (ESOP 61.1%, PSP 56.2%)	37.5% (ESOP 33.3%, PSP 50.0%)

Percentage change in remuneration for CEO

The table below shows how the percentage change in the Chief Executive's salary, benefits and bonus between 2017 and 2018 compared with the percentage change in the weighted average of each of those components for all full-time equivalent employees based in Great Britain (GB). The GB employee workforce was chosen as a suitable comparator group as the CEO is based in GB (albeit with a global role and responsibilities) and pay changes across the Group vary widely depending on local market conditions.

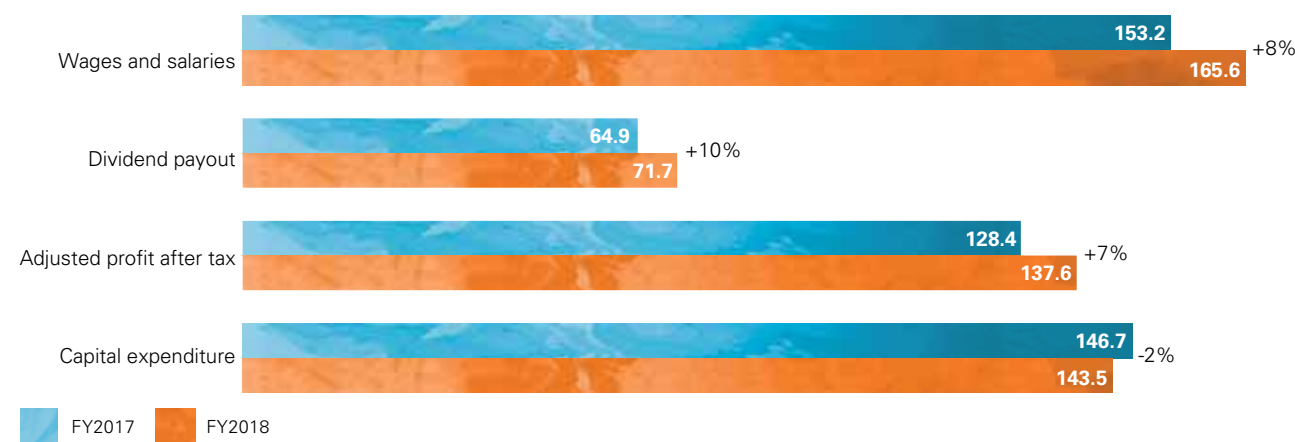
Element	Chief Executive % increase	GB employees % increase
Base salary ¹	1.4%	2.0%
Taxable benefits ²	(1.7)%	(18.1)%
Bonus ³	9.9%	22.3%

Notes:

1. Increase in CEO salary reflects the annualisation of the zero increase effective 1 January 2017.
2. Decrease in taxable benefits reflects a reduction in the cost of private healthcare provision, proportionally impacting the CEO less than the general workforce, who benefit from the reduced benefit in kind costs.
3. Bonuses for GB based employees were ahead of those paid in the prior year, reflecting the performance of the business.

Relative importance of spend on pay

The following chart sets out this information as it applies to the company, comparing figures for the year under review and the previous year. Profit after tax and capital expenditure are also shown below for context:



Notes:

1. Capital expenditure is defined as net cash flow from the purchase and sale of both tangible and intangible assets.
2. Profit after tax is before the deduction of adjusting items.

REMUNERATION COMMITTEE REPORT CONTINUED

Payments made to past Directors (subject to audit)

John Gibney received a total of £130,961.37 following the vesting of the 2014 Performance Share Plan on 4 December 2017. In accordance with the plan rules John Gibney retained a proportion of all unvested awards following his retirement in 2015, subject to achievement of the existing performance conditions. This was his last award.

Payments made for loss of office (subject to audit)

No payments for loss of office were made during the year.

Directors' contracts

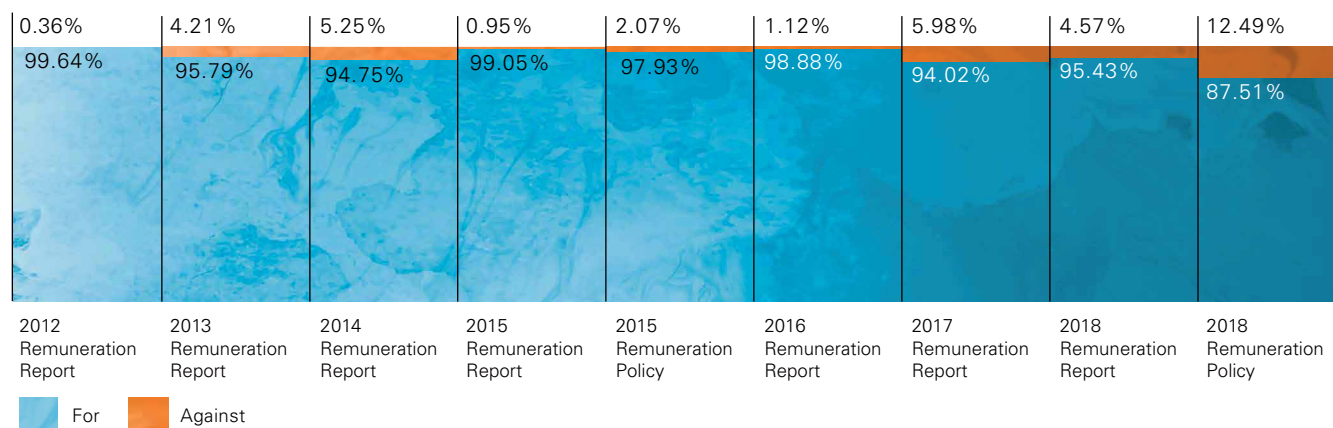
Details of the Executives' service contracts and the Non-Executive Directors' letters of appointment are set out below. All Directors' service contracts and letters of appointment are available for inspection at the company's registered office and at the AGM up until the start of the meeting.

Directors	Effective date of contract	Unexpired term (approx. months)
Simon Litherland	14 February 2013	12
Mathew Dunn	28 September 2015	12
Ian McHoul	10 March 2014	18
John Daly	27 January 2015	23
Sue Clark	29 February 2016	5
Euan Sutherland	29 February 2016	5
Suniti Chauhan	29 November 2017	26
William Eccleshare	29 November 2017	26

Executive Directors' contracts operate on a 12 month rolling basis.

Statement of voting outcomes at the Annual General Meeting

The following chart sets out the result from the advisory vote on the Annual Statement and Annual Report on Remuneration for the past six years at the relevant AGMs and the binding vote on the Directors' Remuneration Policy at the 2018 and 2015 AGMs. As evidenced by the voting outcomes below, Britvic has consistently received support for its Remuneration arrangements:



Report/Policy	Votes For	Votes Against	Votes Withheld
2018 Remuneration policy	172,687,645	24,644,840	193,481
2018 Remuneration report	187,072,865	8,960,245	1,492,855
2017 Remuneration report	187,437,492	11,921,615	1,398,509
2016 Remuneration report	196,632,194	2,226,303	201,153
2015 Remuneration policy	188,539,826	3,994,950	586,370
2015 Remuneration report	190,958,650	1,828,072	334,424
2014 Remuneration report	174,219,763	9,661,732	8,809,241
2013 Remuneration report	171,751,061	7,555,269	2,582,938
2012 Remuneration report	154,461,496	560,016	6,315,270

DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements of the company and the Group for the 52 weeks ended 30 September 2018.

Additional disclosures

Other information that is relevant to this report is incorporated by reference, including information required in accordance with the UK Companies Act 2006 and associated regulations, Listing Rules and Disclosure Guidance and Transparency Rules.

The following sets out where items required to be included in this report under Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 can be found:

Indication of future developments	Strategic report	Pages 1-47
Financial risk management	CFO's review	Page 44
	Directors report	Page 84
	Notes to the accounts	Pages 125-129
Employment of disabled persons	Sustainable business review	Page 40
Employee involvement	Sustainable business review	Page 39
Greenhouse gas emissions	Sustainable business review	Page 42

The following sets out where items required under Listing Rule 9.8.4 can be found:

Dividend waiver	Directors report	Page 84
Directors interests	Directors report	Page 86
	Remuneration report	Page 80
Major shareholders	Directors report	Page 85

Operations and performance

Dividends and dividend waiver

The Group's profit before taxation attributable to the equity shareholders amounted to £145.8m (2017: £138.8m) and the profit after taxation amounted to £117.1m (2017: £111.6m). An interim dividend of 7.9p (2017: 7.2p) per ordinary share was paid on 13 July 2018.

Subject to shareholder approval, the Directors have proposed a final dividend of 20.3p (2017: 19.3p) per ordinary share payable on 4 February 2018 to shareholders on the register at the close of business on 7 December 2018, giving a total dividend in respect of 2018 of 28.2p (2017: 26.5p), an increase of 6.4% per cent over the previous year.

The trustees of the Britvic Share Incentive Plan have elected to waive dividends on shares held under trust relating to dividends payable during the year.

Research and development

The Group carries out research and development necessary to support its principal activities as a manufacturer and distributor of soft drinks.

Events since the balance sheet date

On 26 October 2018, the High Court ruled that Lloyds Banking Group must equalise the guaranteed minimum pensions (GMP) for men and women. The judgement is likely to have an impact on the liabilities of both GB and Northern Ireland schemes. The group has started to work through the impact of this judgement with the schemes' actuaries. Based on the approach used in recent buy-outs of pension schemes the expected impact for all UK schemes affected would be in the region of 1-3% of scheme liabilities depending on the individual characteristics of the pension scheme. There is therefore a risk that the schemes liabilities for the group could increase by c.£7m – £20m. Due to the timing of the ruling this has been considered a non-adjusting post balance sheet event and the impact of the GMP equalisation will be quantified and accounted for during the accounting period starting 1 October 2018.

Shares and shareholders

Share capital

The company's issued share capital comprised a single class of shares divided into ordinary shares of 20 pence each ('ordinary shares'). As at 30 September 2018, the company's issued share capital comprised 264,606,911 ordinary shares.

Rights and restrictions attaching to shares

On a show of hands at a general meeting of the company, every holder of ordinary shares present in person and entitled to vote shall have one vote, and on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. Any notice of general meeting issued by the company will specify deadlines for exercising voting rights and in appointing a proxy or proxies in relation to resolutions to be proposed at the general meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the general meeting and published on the company's website after the meeting.

There are no restrictions on the transfer of ordinary shares in the company other than:

- certain restrictions which may from time to time be imposed by laws and regulations (for example, insider trading laws); and
- pursuant to the Listing Rules of the Financial Conduct Authority and Britvic's share dealing code whereby certain employees of the Group require the approval of the company to deal in its ordinary shares.

The company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.

Shares held in employee benefit trusts

Under the rules of the Britvic Share Incentive Plan (the 'Plan') eligible employees are entitled to acquire shares in the company. Plan shares are held in trust for participants by Equiniti Share Plan Trustees Limited (the 'Trustees'). Voting rights are exercised by the Trustees on receipt of participants' instructions. If a participant does not submit an instruction to the Trustees no vote is registered. In addition, the Trustees do not vote on any unawarded shares held under the Plan as surplus assets. As at 30 September 2018, the Trustees held 1.28% (2017: 1.31%) of the issued share capital of the company.

Similarly, if First Names (Jersey) Limited, as Trustee of the Britvic Employee Benefit Trust (the 'Trustee'), holds ordinary shares on trust for the benefit of the executive directors, senior executives and managers of the Group, a dividend waiver is in place. The Trustee is not permitted to vote on any unvested shares held in the trust unless expressly directed to do so by the company. The Trustees held 0.27% (2017: 0.21%) of the issued share capital as at 30 September 2018.

Major shareholders

At 30 September 2018, the company had been notified, in accordance with the Disclosure and Transparency Rules, of the following interests amounting to 3% or more of the voting rights in the issued ordinary share capital of the company:

	Number of ordinary shares	Percentage of voting rights
FMR LLC	18,432,163	7.00%
Prudential	16,549,600	6.27%
APG Asset Management	16,080,643	6.12%
Standard Life	Below 5%	Below 5%
BlackRock	Below 5%	Below 5%
BNP Paribas	8,096,657	3.06%

Governance

Articles of association

The company's articles may only be amended by a special resolution at a general meeting of shareholders. The articles were last updated in 2013. Amendments will be proposed at the AGM in January 2019 to bring them up to current best practice standards.

Financial risk management

It is the Group's objective to manage its financial risk so as to minimise the adverse fluctuations in the financial markets on the Group's reported profitability and cash flows. The policies for managing each of the Group's main financial risk areas are referred to in the Treasury Management section of the Chief Financial Officer's review and in more detail within note 24 of the consolidated financial statements.



Read more on
pages 125-129

Going concern and viability

The Directors consider that the group and the company have adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements. The code required the Directors to assess and report on the prospects of the group over a longer period. This longer-term viability statement is set out on page 35.

DIRECTORS' REPORT

CONTINUED

Branches

As a global Group, our interests and activities are held or operated through subsidiaries and branches which are established in, and subject to the laws and regulations of, many different jurisdictions.

Political donations

No political donations were made by the Group and its subsidiaries (2017: nil).

Annual General Meeting

The Annual General Meeting ('AGM') will be held at 11.00am on 31 January 2019 at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ. Details of the resolutions to be proposed at the AGM are set out in the separate circular which has been sent to all shareholders and is available on the Britvic website at www.britvic.com/agm.

Directors

The following were directors of the company during the year: Suniti Chauhan (appointed on 28 November 2017), Sue Clark, John Daly, Mathew Dunn, William Eccleshare (appointed on 28 November 2017), Ben Gordon (resigned on 31 January 2018), Ian McHoul, Simon Litherland and Euan Sutherland.

Directors' powers

Subject to company law and the company's articles, the Directors may exercise all of the powers of the company and may delegate their power and discretion to committees. The Executive team is responsible for the day-to-day management of the Group. The articles give the Directors power to appoint and replace Directors. Under the terms of reference of the Nomination Committee, any appointment must be recommended by the Nomination Committee for approval by the Board. The articles also require Directors to retire and submit themselves for election to the first AGM following appointment and to retire at the AGM held in the third calendar year after election or last re-election, but to comply with the UK Corporate Governance Code all of the Directors will submit themselves for re-election at the AGM. The biographical details of the directors are set out on pages 50 and 51 of this report. The service contracts of the Executive Directors and letters of appointment of the Non-Executive Directors are available for inspection at the company's registered office.

Directors' interests

The Directors' interests in ordinary shares of the company are shown within the Directors' Remuneration Report. No Director has any other interest in any shares or loan stock of any Group company. No Director was or is materially interested in any contract, other than under their service contract or letter of appointment, which was subsisting during or existing at the end of year and which was significant in relation to the Group's business.

There are procedures in place to deal with any conflicts of interest and these have operated effectively during the year.



Read more on
page 80

Directors' liabilities

As at the date of this report, customary indemnities are in place under which the company has agreed, to the extent permitted by law and the company's articles, to indemnify:

- the Directors, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors of the company or any of its subsidiaries; and
- Directors of companies which are corporate trustees of the Group's pension schemes against liability incurred in connection with those companies' activities as trustees of such schemes.

Change of control provisions

There are no agreements between the company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid. The company's banking arrangements are terminable upon a change of control of the company. Certain other indebtedness becomes repayable if a change of control leads to a downgrade in the credit rating of the company. The company's agreements with PepsiCo are terminable upon a change of control.

Disclaimer

The purpose of this Annual Report is to provide information to the members of the company and it has been prepared for, and only for, the members of the company as a body, and no other persons. The company, its Directors and employees, agents and advisors do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. A cautionary statement in respect of forward-looking statements contained in this Annual Report appears on the inside front cover of this document.

The Directors' Report was approved by the Board on 28 November 2018.

By Order of the Board

Jonathan Adelman
Company Secretary
Britvic plc
Company No. 5604923

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRS's) as adopted by the European Union, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101: Reduced Disclosure Framework ('FRS 101').

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and company and of their profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- in respect of the Group financial statements, state whether IFRSs they as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- in respect of the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and/or the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and enable them to ensure that its financial statements comply with the Companies Act 2006 and, with respect to the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and Group and hence for taking reasonable steps for the prevention of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' declaration in relation to relevant audit information

The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 50 and 51. Having made enquiries of fellow Directors and of the company's auditor, each of these Directors confirms that:

- to the best of each Directors' knowledge and belief, there is no information relevant of which the company's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

Responsibility statement of the Directors in respect of the Annual Report

The Directors confirm that to the best of their knowledge:

- the consolidated financial statements prepared in accordance with IFRSs as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and profit of the company and undertakings included in the consolidation taken as a whole;
- the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation as a whole, together with a description of the principal risks and uncertainties that they face; and
- having taken into account all matters considered by the Board and brought to the attention of the Board during the year, the Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable. The Directors believe that the disclosures set out in this Annual Report provide the information necessary for shareholders to assess the company's performance, business model and strategy.

On behalf of the Board

Simon Litherland
Chief Executive Officer

Mathew Dunn
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITVIC PLC

Opinion

In our opinion:

- Britvic plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2018 and of the group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom generally accepted accounting practice including FRS 101; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of Britvic plc which comprise:

Group	Parent company
Consolidated income statement for the 52 week period ended 30 September 2018	Balance sheet as at 30 September 2018
Consolidated statement of comprehensive income/ (expense) for the 52 week period ended 30 September 2018	Statement of changes in equity for the 52 week period ended 30 September 2018
Consolidated balance sheet as at 30 September 2018	Related notes 1 to 13 to the financial statements including a summary of significant accounting policies
Consolidated statement of cash flows for the 52 week period ended 30 September 2018	
Consolidated statement of changes in equity for the 52 week period ended 30 September 2018	
Related notes 1 to 33 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, UK GAAP including FRS 101 'Reduced Disclosure Framework', as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs(UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 30 to 34 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 30 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 85 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 35 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	- Fraud Risk – Revenue Recognition through inappropriate manual journal entries - Fraud Risk – Management Override of Internal Controls over Customer Discounts
Audit scope	- We performed full audit procedures over the Group level functions in addition to the financial information of 7 components. We perform specific audit procedures over 1 further component. - The components where we performed full or specific audit procedures accounted for 103% of profit before tax stated before adjusting items, 92% of Revenue and 92% of total assets.
Materiality	Overall group materiality of £9.1m which represents approximately 5% of profit before tax stated, consistent with last year, before certain adjusting items ("adjusting items"), as defined on page 152.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

The risks noted below are discussed in the Audit Committee Report on page 66 and in the accounting policy notes on pages 99 to 106.

Risk – revenue recognition

Description of risk

Given the market focus on the group's revenue performance we consider there to be a risk in relation to the potential overstatement of revenue. Management reward and incentive schemes based on achieving profit targets may also place pressure on management to manipulate revenue recognition.

There is a risk that management may override controls to intentionally misstate revenue transactions by recording fictitious revenue transactions through inappropriate manual journal entries.

Our response to this risk

- we understood the group's revenue recognition policies and how they are applied, including the relevant controls;
- we identified the controls over the revenue recognition processes at all full scope locations. We tested the operating effectiveness of the controls in the France and Brazil business units;
- at all full and specific scope locations, we tested journal entries posted to revenue accounts, applying a number of parameters designed to identify and test entries that were not in accordance with our expectations. This included analysing and selecting journals for testing which appeared unusual in nature either due to size, preparer or being manually posted. We verified the journals to originating documentation to confirm that the entries were valid;
- for the GB, Republic of Ireland and France full scope components, which together form 82% of the group's total revenue, we performed data analysis over the entire revenue process from revenue recognition through to invoice settlement. Where the postings did not follow our expectation, we investigated outliers and tested these entries to ensure their validity by agreeing back to source documentation;
- for the Brazil business units, we performed revenue transaction testing, which included ensuring that the transaction had been appropriately recorded in the income statement at the right time; and
- at all full and specific scope locations, we selected a sample of post year end credit notes and ensured that, where corroborating evidence demonstrated that the credit note related to the audit period, these credit notes were appropriately provided for in the financial statements.

Within International Standard on Auditing (UK) 240 there is a presumption that there are risks of fraud in revenue recognition. We therefore evaluated the revenue transactions or assertions which give rise to such risk in the current period as noted above.

Key observations communicated to the Audit Committee

Based on our procedures we have not identified evidence of inappropriate management override in respect of the amount of revenue recorded through inappropriate journal entries.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITVIC PLC CONTINUED

Risk – management override of internal controls over customer discounts

Description of risk

The risk of material misstatement due to management override of controls is considered a risk in every audit. Management has the primary responsibility to prevent and detect fraud. We are required by professional auditing standards to consider how this risk may manifest itself and design appropriate procedures.

Management could manipulate results through incomplete recording of expenses and liabilities, including the accounting for promotional discounts, long term discounts and account development funds which are deducted from revenue. We have associated this risk to the promotional discounts, long term discounts and account development funds that remain open as at 30 September 2018 (£97.4m).

Our response to this risk

- we obtained an understanding of the group's processes for the recognition and management of discounts provided to customers including obtaining an understanding of the design of the controls in place within the GB and Ireland divisions where such discounts are most prevalent;
- we tested a sample of long term and promotional discount expenses and account development fund expenses throughout the period and the period end accruals by agreeing balances through to supporting documentation and ensured that the revenue recognition policies adopted complied with IFRS;
- we performed analytical procedures including the correlation of revenue to discounts to assess completeness of discounts;
- we performed testing on a sample of post year end discounts, both settled and recorded, as evidence of the appropriateness of discount accruals recognised at the year end;
- we selected a sample of post year end credit notes and ensured that, where audit evidence demonstrated that the credit note related to the audit period, that these credit notes were appropriately provided for in the financial statements;
- we performed hindsight analysis, to determine the historical accuracy of management's estimation and any required adjustments to accruals;
- we held bi-annual meetings with the customer account teams to update our knowledge of the status of customer negotiations and the process by which discounts have been recorded; and
- we performed targeted journal entry testing at both the general ledger and rebate transaction front-end system levels. Our testing was focused on manual journal entries posted, both to the period end accruals and to the rebate income statement accounts, with a particular focus on journal entries posted close to the period end.

Key observations communicated to the Audit Committee

Based on our procedures, we have identified no instances of inappropriate management override of the customer discounts either expensed or accrued in the financial statements.

In comparison to the prior year, we have made the following changes:

- Management override of other financial items – In the prior year our auditor's report included a key audit matter in relation to management override of other financial items. In the current year, we have concluded that these do not represent a key audit matter as there is not a higher likelihood of there being a material misstatement in this area. This conclusion was reached based upon the reduced magnitude of the other financial items in the context of our materiality.
- Revenue recognition – In the prior year we included the manipulation of the cut-off of revenue transactions in the Brazil business unit. In the current year, we have concluded that this does not form part of our key audit matter as there is not a higher likelihood of there being a material misstatement in this area, based upon the magnitude of transactions around the year end and the consistency of management's methodology.
- Management override of internal controls over customer discounts – in the current year we have further clarified our risk to focus upon those promotional discounts, long term discounts and account development funds that remain open at the year end, compared to those that have been agreed and settled with customers, as demonstrated by the hindsight analysis we have performed.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and other factors such as Internal audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, in addition to auditing the Group level consolidation, we selected 8 components for audit covering operations within the GB, Ireland, France and Brazil business units within the group.

Of the 8 components selected, we performed full audit procedures over the financial information of 7 components ("full scope components") which were selected based on their size or risk characteristics. These components were the GB, France and Brazil operations and certain operations from the Ireland business. For 1 further operation within the Ireland business ("specific scope component"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

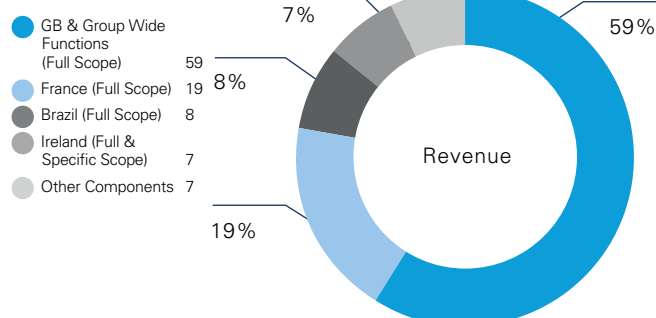
The reporting components where we performed full or specific scope audit procedures accounted for 103% (2017: 110%) of the group's profit before tax stated before adjusting items, 92% (2017: 92%) of the group's revenue and 92% (2017: 87%) of the group's total assets. A number of loss making components were not assigned a full or specific scope which results in our coverage of profit before tax stated before adjusting items exceeding 100%. For the current year:

- the full scope components contributed 100% (2017: 108%) of the group's profit before tax stated before adjusting items, 90% (2017: 91%) of the group's Revenue and 91% (2017: 86%) of the Group's Total assets;
- the specific scope component contributed 3% (2017: 2%) of the group's profit before tax stated before adjusting items, 2% (2017: 1%) of the group's Revenue and 1% (2017: 1%) of the group's Total assets. The audit scope of this component did not include testing of all significant accounts of the component but has contributed to the coverage of significant accounts tested for the group, including the key audit matters listed above.

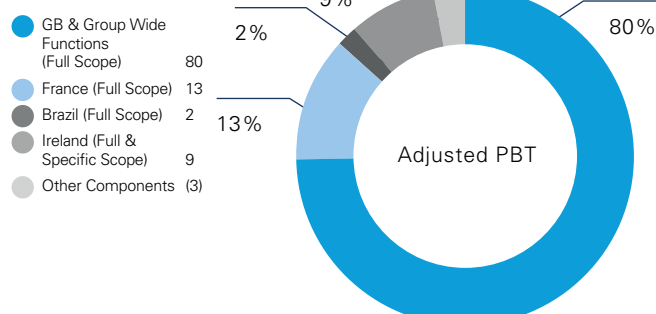
Of the remaining components that together represent (3%) of the group's profit before tax stated before adjusting items, none are individually greater than +/-5% of the group's profit before tax stated before adjusting items. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the group financial statements, in addition to the specified procedures for applicable components as detailed above.



REVENUE



ADJUSTED PBT



Changes from the prior year

Our scoping remains unchanged from the prior period with the exception of specific procedures that were performed last year in relation to acquisitions made.

Involvement with component teams

In establishing our overall approach to the group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team,

or by component auditors from other EY global network firms operating under our instruction.

The senior statutory auditor leads the audit of all full and specific components within the GB and Ireland businesses, in addition to the audit of the group functions. These full and specific scope components represent 73% of group revenue and 85% of the group's profit before tax stated before adjusting items.

Christabel Cowling has become Senior Statutory Auditor in the current year, following Simon O'Neill completing his 5 year rotation. As part of the transition, Christabel visited the component teams in France and Brazil at the planning stage. These visits included discussions with the component teams on audit strategy, risk identification, as well as meeting with the respective local management teams and visiting selected operating sites. Within GB and Ireland, Christabel has visited all key operating sites, as well as the finance functions. A full day planning event, chaired by Christabel, was hosted at the head office in Hemel Hempstead to communicate the audit plan and the approach to key judgements and estimates to management. We have continued our established approach to involvement in component teams through the review of planning and conclusion deliverables. Christabel also participated in the Brazil and France component team's closing meeting calls in which key conclusions were discussed.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the group to be £9.1 million (2017: £8.2 million), which is approximately 5% of profit before tax stated before adjusting items (2017: 5% of profit before tax stated before adjusting items). We believe that profit before tax stated before adjusting items is the most relevant measure of the underlying financial performance of the group, as the primary metric used by stakeholders. The exclusion of adjusting items allows investors to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess trends in financial performance more readily. Britvic results announcement excludes adjusting items when discussing the financial performance of the group.

Starting basis

Profit before tax of £145.8m as per the Annual Report

Adjustments

Adjusting items totalling £29.4m per page 152 of the Annual Report

Materiality

Represents approximately 5% of the profit before tax stated before adjusting items

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITVIC PLC CONTINUED

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality was 50% (2017: 50%) of our planning materiality, namely £4.5m (2017: £4.1m).

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.9m to £3.9m (2017: £0.8m to £4.1m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.5m (2017: £0.4m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 87 and 149 to 154, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report any uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 87** – the statement given by the directors that they consider the annual

report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit committee reporting set out on pages 64 to 67** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 55** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 87, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as

a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (IFRS, FRS 101, the Companies Act 2006 and UK Corporate Governance Code) and the relevant tax compliance regulations in the jurisdictions in which the group operates. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Listing Rules of the UK Listing Authority, and those laws and regulations relating to food safety, occupational health and safety and data protection.
- we understood how the group is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, papers provided to the Audit Committee and any correspondence received from regulatory bodies.
- we assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts. We considered the programs and controls that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included

testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

- based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraphs above. Our procedures involved: journal entry testing, with a focus on manual consolidation journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of legal counsel, group management, internal audit, divisional management and all full and specific scope management; and focused testing, as referred to in the key audit matters section above.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation of the audit committee after the completion of a competitive tender process, we were reappointed as auditors by the shareholders and signed an engagement letter dated 16 May 2017. We were appointed by the company at the AGM on 31 January 2018 to audit the financial statements for the 52 week period ending 30 September 2018 and subsequent financial periods. The period of total uninterrupted engagements including previous renewals and reappointments since Britvic became a standalone entity upon its flotation is 13 years, covering the 52 week period ending 1 October 2006 to the 52 week period ending 30 September 2018.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company during the 52 week period ended 30 September 2018 and we remain independent of the group and the parent company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

Christabel Cowling
(Senior statutory auditor)

for and on behalf of Ernst & Young LLP,
Statutory Auditor
Leeds
28 November 2018

Notes:

1. The maintenance and integrity of the Britvic group plc web site is the responsibility of the directors; the work carried out by the auditor does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT

	Note	52 weeks ended 30 September 2018 £m	52 weeks ended 1 October 2017 Restated £m
Revenue	5, 33	1,503.6	1,430.5
Cost of sales		(702.0)	(667.2)
Gross profit		801.6	763.3
Selling and distribution costs		(400.8)	(393.1)
Administration expenses		(246.2)	(216.4)
Other income	6	11.5	9.2
Operating profit	6	166.1	163.0
Finance income	9	1.0	2.1
Finance costs	9	(21.3)	(26.3)
Profit before tax		145.8	138.8
Taxation	10	(28.7)	(27.2)
Profit for the period attributable to the equity shareholders		117.1	111.6
Earnings per share			
Basic earnings per share	11	44.4p	42.4p
Diluted earnings per share	11	44.1p	42.2p

All activities relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(EXPENSE)

	Note	52 weeks ended 30 September 2018 £m	52 weeks ended 1 October 2017 £m
Profit for the period attributable to the equity shareholders		117.1	111.6
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Remeasurement gains on defined benefit pension schemes	22	33.3	26.7
Deferred tax on defined benefit pension schemes	10a	(5.5)	(4.2)
Deferred tax on other temporary differences	10a	–	0.1
		27.8	22.6
Items that may be subsequently reclassified to profit or loss			
Losses in the period in respect of cash flow hedges	25	(2.6)	(3.2)
Amounts recycled to the income statement in respect of cash flow hedges	25	(0.4)	(7.0)
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve	10a	0.5	1.7
Exchange differences on translation of foreign operations	25	(35.1)	(1.3)
Tax on exchange differences accounted for in the translation reserve	10a	–	(6.1)
		(37.6)	(15.9)
Other comprehensive income for the period, net of tax		(9.8)	6.7
Total comprehensive income for the period attributable to the equity shareholders		107.3	118.3

CONSOLIDATED BALANCE SHEET

	Note	30 September 2018 £m	1 October 2017 Restated £m
Assets			
Non-current assets			
Property, plant and equipment	13	519.8	461.6
Intangible assets	14	439.5	455.0
Other receivables		7.7	6.7
Derivative financial instruments	25	40.5	69.7
Deferred tax asset	10f	5.6	7.5
Pension asset	22	96.3	40.5
		1,109.4	1,041.0
Current assets			
Inventories	16	144.5	146.7
Trade and other receivables	17	356.8	321.1
Current income tax receivables	10c	2.3	4.5
Derivative financial instruments	25	37.9	17.2
Cash and cash equivalents	18	109.5	82.5
		651.0	572.0
Total assets		1,760.4	1,613.0
Current liabilities			
Trade and other payables	23	(424.3)	(384.9)
Contract liabilities – rebate accruals	33	(97.4)	(87.7)
Interest bearing loans and borrowings	21	(171.4)	(89.7)
Derivative financial instruments	25	(0.7)	(2.7)
Current income tax payable	10c	(2.2)	(12.4)
Provisions	26	(2.6)	(3.7)
Other current liabilities	31	(0.2)	(36.7)
		(698.8)	(617.8)
Non-current liabilities			
Interest bearing loans and borrowings	21	(597.7)	(582.7)
Deferred tax liabilities	10f	(62.5)	(51.4)
Pension liability	22	(9.4)	(9.3)
Derivative financial instruments	25	(4.2)	(4.1)
Provisions	26	(7.4)	(5.0)
Other non-current liabilities		(3.1)	(3.4)
		(684.3)	(655.9)
Total liabilities		(1,383.1)	(1,273.7)
Net assets		377.3	339.3
Capital and reserves			
Issued share capital	19	52.9	52.8
Share premium account		139.1	133.9
Own shares reserve		(5.4)	(3.7)
Other reserves	20	92.9	130.5
Retained earnings		97.8	25.8
Total equity		377.3	339.3

The financial statements were approved by the board of directors and authorised for issue on 28 November 2018. They were signed on its behalf by:

Simon Litherland

Mathew Dunn

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	52 weeks ended 30 September 2018 £m	52 weeks ended 1 October 2017 £m
Cash flows from operating activities			
Profit before tax		145.8	138.8
Net finance costs	9	20.3	24.2
Other financial instruments		0.6	13.5
Impairment of property, plant and equipment	13	4.8	–
Reversal of impairment of intangible assets	14	(11.5)	(2.6)
Depreciation	13	48.5	40.3
Amortisation	14	18.4	19.0
Share based payments	27	5.6	6.3
Net pension charge less contributions		(22.1)	(22.1)
Increase in inventory		(3.3)	(24.2)
(Increase)/decrease in trade and other receivables		(44.9)	4.3
Increase in trade, other payables and contract liabilities		66.4	41.2
Increase/(decrease) in provisions		4.5	(4.9)
Loss on disposal of property, plant and equipment and intangible assets		4.5	1.6
Income tax paid		(30.8)	(37.4)
Net cash flows from operating activities		206.8	198.0
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		–	17.7
Purchases of property, plant and equipment		(136.3)	(139.8)
Purchases of intangible assets		(7.3)	(6.9)
Interest received		0.9	0.8
Acquisition of subsidiaries, net of cash acquired	31	(38.4)	(60.3)
Net cash flows used in investing activities		(181.1)	(188.5)
Cash flows from financing activities			
Interest paid, net of derivative financial instruments		(22.0)	(20.8)
Net movement on revolving credit facility	21	35.3	(91.4)
Other loans repaid	21	(0.7)	(0.6)
Repayment on finance leases	21	(1.1)	(0.8)
Acquired debt repaid	21	–	(2.4)
Partial repayment of private placement notes	21	(54.9)	(119.6)
Drawdown of 2018/2017 private placement notes	21	120.3	175.0
Issue costs paid	21	(0.4)	(0.7)
Issue of shares relating to incentive schemes for employees		1.0	0.7
Purchase of own shares		(3.1)	(5.3)
Dividends paid to equity shareholders	12	(71.7)	(64.9)
Net cash flows used in financing activities		2.7	(130.8)
Net increase/(decrease) in cash and cash equivalents		28.4	(121.3)
Cash and cash equivalents at beginning of period		82.5	205.9
Exchange rate differences		(1.4)	(2.1)
Cash and cash equivalents at the end of the period	18	109.5	82.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital £m	Share premium account £m	Own shares reserve £m	Other reserves (note 20) £m	Retained earnings/ (losses) £m	Total £m
At 2 October 2016	52.6	129.1	(3.3)	146.5	(43.9)	281.0
Profit for the period	–	–	–	–	111.6	111.6
Other comprehensive (expense)/income	–	–	–	(15.9)	22.6	6.7
Total comprehensive (expense)/income	–	–	–	(15.9)	134.2	118.3
Issue of shares relating to incentive schemes for employees	0.2	4.8	(4.4)	–	–	0.6
Own shares purchased for share schemes	–	–	(4.8)	–	–	(4.8)
Own shares utilised for share schemes	–	–	8.8	–	(7.9)	0.9
Movement in share based schemes	–	–	–	–	6.1	6.1
Current tax on share based payments	–	–	–	–	0.1	0.1
Deferred tax on share based payments	–	–	–	–	2.0	2.0
Movement in non-distributable profit	–	–	–	(0.1)	0.1	–
Payment of dividend	–	–	–	–	(64.9)	(64.9)
At 1 October 2017	52.8	133.9	(3.7)	130.5	25.8	339.3
Profit for the period	–	–	–	–	117.1	117.1
Other comprehensive (expense)/income	–	–	–	(37.6)	27.8	(9.8)
Total comprehensive (expense)/income	–	–	–	(37.6)	144.9	107.3
Issue of shares relating to incentive schemes for employees	0.1	5.2	(4.4)	–	–	0.9
Own shares purchased for share schemes	–	–	(5.2)	–	–	(5.2)
Own shares utilised for share schemes	–	–	7.9	–	(7.1)	0.8
Movement in share based schemes	–	–	–	–	5.5	5.5
Current tax on share based payments	–	–	–	–	0.4	0.4
Payment of dividend	–	–	–	–	(71.7)	(71.7)
At 30 September 2018	52.9	139.1	(5.4)	92.9	97.8	377.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Britvic plc (the 'company') is a company incorporated in the United Kingdom under the Companies Act 2006. It is a public limited company domiciled in England & Wales and its ordinary shares are traded on the London Stock Exchange. Britvic plc and its subsidiaries (together the 'group') operate in the soft drinks manufacturing and distribution industry, principally in the United Kingdom, Republic of Ireland, France and Brazil. The financial year represents 52 weeks ended 30 September 2018 (prior financial year 52 weeks ended 1 October 2017).

The financial statements were authorised for issue by the board of directors on 28 November 2018.

2. Statement of compliance

The financial information has been prepared on the basis of applicable International Financial Reporting Standards as adopted by the European Union (IFRS), as they apply to the financial statements of the group.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared on a historical cost basis except where measurement of balances at fair value is required as explained below. The consolidated financial statements of the group are presented in pounds sterling, which is also the functional currency of the company, and all values are rounded to the nearest 0.1 million except where otherwise indicated.

Going concern

The directors are confident that it is appropriate for the going concern basis to be adopted in preparing the financial statements. As at 30 September 2018, the consolidated balance sheet is showing a net assets position of £377.3m (1 October 2017: net assets of £339.3m).

Group reserves are low due to the capital restructuring undertaken at the time of flotation. This does not impact on Britvic plc's ability to make dividend payments.

The liquidity of the group remains strong, the group has a £400.0m bank facility, on which the group had drawn down £58.0m as at 30 September 2018, with a maturity date of November 2021, and £707.6m of private placement notes which have maturity dates between 2019 and 2033.

Basis of consolidation

The consolidated financial statements of the group incorporate the financial information of the company and the entities controlled by the company (its subsidiaries) in accordance with IFRS 10 'Consolidated financial statements'. Control is achieved when the company:

- Has the power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The financial statements of subsidiaries are prepared using consistent accounting policies. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The results of subsidiary undertakings acquired in the year are included in the consolidated income statement from the date the group gains control or up to the date control ceases respectively.

New standards adopted in the current period

Initial adoption of IFRS 15: Revenue from Contracts with Customers

The standard has an effective date of 1 January 2018, but the group has decided to early adopt this standard with a date of initial application to the group of 2 October 2017.

IFRS 15 replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers unless the contracts are within the scope of other standards.

The group has applied IFRS 15 fully retrospectively in accordance with paragraph C3 (a) of the standard, restating the prior period's comparatives. The main impact of adopting the standard is a reclassification of certain rebates offered to customers that had previously been recognised as selling and distribution costs to revenue and the reclassification of certain incentives received, from revenue, to cost of sales. There is no impact on the timing of transfer of control and therefore there is no impact on the timing of recognition of revenue and therefore profit before tax is not impacted. Additionally, the group is required to separately disclose balances that meet the definition of contract liabilities under IFRS 15 on the consolidated balance sheet. The details of the group's revised accounting policy in respect of revenue recognition is shown below and the impact of the adoption of IFRS 15 is set out in note 33.

Revenue recognition

The group recognises revenue from the sale of soft drinks to the wholesale market. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer. Following delivery, which is determined to be the time of shipment, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. Accounting policies continued

Revenue recognition continued

Revenue is the value of sales, excluding transactions with or between subsidiaries, after the deduction of sales related discounts and rebates, value added tax and other sales related taxes. Rebates to customers are deducted from revenue where the amounts paid are sales related or in relation to a good or service which results in an increase in sales in the customer's outlet and therefore is not distinct from the sale of soft drinks to the customer and comprise:

Long term discounts and rebates

These discounts are typically for months rather than weeks and are usually part of the trading terms agreed with the customer. Long term discounts fall into three main categories:

- Fixed – a defined amount over a period of time
- Pence per litre / case – a pence per litre / case rebate, based upon volumes sold
- % of Net Revenue – a percentage of Net Revenue, which may have associated hurdle rates

Short term promotional discounts

Promotional discounts consist of many individual rebates across numerous customers and represents the cost to the group of short term deal mechanics. The common deals typically include BOGOFs, 3 For 2, and Half Price deals.

Account development fund

Account development fund represents customer promotional activity which promotes Britvic's products in the customer's outlets. The group agrees to pay the customer various amounts as part of the trading investment. Where these amounts are payable in relation to a good or service which result in an increase in sales in the customer's store only, e.g. in-store promotional activity, management has concluded that this is not distinct, and it is accounted for as a reduction in revenue. Where these amounts are payable in relation to a good or service which result in an increase in group sales more broadly, e.g. participation in tradeshow or market research, management has concluded that the payment is for a distinct good or service. Where amounts paid to customers are deemed to be for a distinct service these are included as selling and distribution costs in the income statement.

Variable consideration

The group agrees to pay customers various amounts either in the form of sales related rebates and discounts earned or as part of the trading investment (e.g. sales driving investment, growth over-rider investment, incentives for purchasing full loads, payment for new store openings, payment for listing new products).

Where the consideration, the group is entitled to, will vary because of a rebate, refund incentive or price concession or similar item; or is contingent on the occurrence or non-occurrence of a future event, e.g. the customer meeting certain agreed criteria, the amount payable is deemed to be variable consideration.

The group uses the most likely method to reflect the consideration that the group is entitled to. Variable consideration is then only included to the extent that it is highly probable that the inclusion will not result in a significant revenue reversal in the future. Accruals are made for each individual promotion or rebate based on the specific terms and conditions of the customer agreement. Management make estimates on an ongoing basis to assess customer performance and sales volume to calculate total amounts earned to be recorded as deductions from revenue.

Contract liabilities

Contract liabilities are recognised where, as part of a contract with a customer, the group has received consideration where the group will either need to return that consideration or deliver future services and goods in respect of this consideration.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Assets under construction are carried at cost. Depreciation of these assets commences when they are ready for use.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, on a straight-line basis, over the useful economic life of that asset as follows:

Plant and machinery	3 to 20 years
Vehicles (included in plant and machinery)	5 to 7 years
Equipment in retail outlets (included in fixtures, fittings, tools and equipment)	5 to 10 years
Other fixtures and fittings (included in fixtures, fittings, tools and equipment)	3 to 10 years

Land is not depreciated.

Freehold properties are depreciated over 50 years.

Leasehold properties are depreciated over 50 years, or over the unexpired lease term when this is less than 50 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing proceeds with carrying amount, and are included in the consolidated income statement in the period of derecognition.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual amounts are reviewed annually and where adjustments are required these are made prospectively.

Business combinations and goodwill

While the original acquisition of Britannia Soft Drinks Limited was accounted for under the merger method, business combinations on or after 4 October 2004 have been accounted for under IFRS 3 'Business Combinations' using the acquisition method. The consideration transferred in a business combination is measured at fair value which includes recording deferred consideration at discounted values where the impact of discounting is material.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (discount on acquisition) is credited to the consolidated income statement in the period of acquisition.

Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Software costs

Software expenditure is recognised as an intangible asset only after its technical feasibility and commercial viability can be demonstrated. Acquired computer software licences and software developed in-house are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs include resources focussed on delivery of capital projects where the choice has been made to use internal resources rather than external resources. These costs are amortised over their estimated useful lives of three to seven years on a straight line basis.

Trademarks, franchise rights and customer lists

Intangible assets acquired separately are measured on initial recognition at the fair value of consideration paid. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation or impairment losses. An intangible asset acquired as part of a business combination is recognised outside goodwill, at fair value at the date of acquisition, if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

The useful lives of intangible assets are assessed to be either finite or indefinite. Amortisation is charged on assets with finite lives on a straight-line basis over a period appropriate to the asset's useful life.

The carrying values of intangible assets with finite and indefinite lives are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets with indefinite useful lives are also tested for impairment annually either individually or, if the intangible asset does not generate cash flows that are largely independent of those from other assets or groups of assets, as part of the cash generating unit to which it belongs. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether an indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Research and development

Research costs are expensed as incurred. Development expenditure is recognised as an intangible asset when the group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use
- Its intention to complete and its ability to use the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. Accounting policies continued

Impairment of goodwill and intangible assets

Goodwill and indefinite life intangible assets are reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired. For all remaining intangible assets the group assesses at each reporting date whether there is an indication that an asset may be impaired. Where impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount or the recoverable amount of the Cash Generating Unit ("CGU") to which the asset belongs if it does not generate largely independent cash flows.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects senior management's estimate of the cost of capital. Impairment losses of continuing operations are recognised in the consolidated income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Goodwill impairment losses cannot subsequently be reversed.

Inventories and work in progress

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing inventories to their present location and condition. Cost is determined using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial assets

The group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, which is normally the transaction price, plus directly attributable transaction costs for those financial assets not subsequently measured at fair value through profit or loss. The group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Loans and receivables

The group has financial assets that are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit or loss or available for sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the consolidated income statement when loans and receivables are derecognised or impaired.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised at the lower of their original invoiced value and recoverable amount.

Provision is made when collection of the full amount is no longer considered probable. Balances are written off when the probability of recovery is assessed as being remote.

Fair value

The group measures financial instruments, such as derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The group uses valuation techniques that are appropriate in the circumstance and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

Derivative financial instruments and hedging

The group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. All derivative financial instruments are initially recognised and subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For those derivatives designated as hedges and for which hedge accounting is appropriate, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the consolidated income statement. The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

Cash flow hedges

Hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction. For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, while the ineffective portion is recognised in the consolidated income statement. Amounts previously recognised in other comprehensive income are transferred to the consolidated income statement in the period in which the hedged item affects profit or loss, such as when a forecast sale occurs. However, when the forecast transaction results in the recognition of a non-financial asset or liability, the amounts previously recognised in other comprehensive income are included in the initial carrying amount of the asset or liability.

If a forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to the consolidated income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in equity until the forecast transaction occurs and are then transferred to the consolidated income statement or included in the initial carrying amount of a non-financial asset or liability as above.

Net investment hedges

Financial instruments are classified as net investment hedges when they hedge the group's net investment in foreign operations. Some of the group's foreign currency borrowings qualify as hedging instruments that hedge foreign currency net investment balances. The effective portion of gains or losses on translation of borrowings designated as net investment hedges is recognised in other comprehensive income. Any ineffective portion is recognised immediately in the consolidated income statement. Upon disposal of the associated investment in foreign operations any cumulative gain or loss previously recognised in other comprehensive income is recycled through the consolidated income statement.

Fair value hedges

Hedges of the change in fair value of recognised assets or liabilities are classified as fair value hedges. For fair value hedges, the gain or loss on the fair value of the hedging instrument is recognised in the consolidated income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognised in the consolidated income statement. If the hedge relationship no longer meets the criteria for hedge accounting, the hedged item would no longer be adjusted and the cumulative adjustment to its carrying amount would be amortised to the consolidated income statement based on a recalculated effective interest rate. The fair value gain or loss on the hedging instrument would continue to be recorded in the consolidated income statement.

Derecognition of financial instruments

The derecognition of a financial asset takes place when the contractual rights to the cash flows expire, or when the contractual rights to the cash flows have either been transferred or an obligation has been assumed to pass them through to a third party and the group does not retain substantially all the risks and rewards of the asset.

Financial liabilities are only derecognised when they are extinguished, that is, when the obligation is discharged, cancelled or expires.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. Accounting policies continued

Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of equity instruments that, in the opinion of the Directors and based on the best available estimate at that date, will ultimately vest (or in the case of an instrument subject to a market condition, be treated as vesting as described below). The consolidated income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Taxation

The current income tax expense is based on taxable profits for the period, after any adjustments in respect of prior periods. It is calculated using taxation rates enacted or substantively enacted by the balance sheet date and is measured at the amount expected to be recovered from or paid to the taxation authorities.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, on all material temporary differences between the tax base of assets and liabilities and their carrying values in the consolidated financial statements.

The principal temporary differences arise from accelerated capital allowances, intangible assets, provisions for pensions and other post-retirement benefits, provisions for share-based payments and unutilised losses incurred in overseas jurisdictions.

Deferred tax assets are recognised to the extent that it is regarded as probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the periods in which the asset or liability will be settled based on the tax rates enacted or substantively enacted by the balance sheet date.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Pensions and post retirement benefits

The group operates a number of pension schemes. These include both defined benefit and defined contribution plans.

Defined benefit plans

The defined benefit pension liability or asset in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in the consolidated income statement in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Defined contribution plans

Under defined contribution plans, contributions payable for the period are charged to the consolidated income statement as an operating expense.

Employee benefits

Wages, salaries, bonuses and paid annual leave are accrued in the period in which the associated services are rendered by the employees of the group.

Leases

Leases in which substantially all the risks and rewards of ownership of the leased asset are retained by the lessor are classified as operating leases by the group. Leases in which the group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Any lease incentives received are credited to the consolidated income statement on a straight-line basis over the term of the leases to which they relate.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, on demand deposits with banks and other short-term, highly liquid investments with original maturities of three months or less, which are readily convertible into known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the statement of cash flows, bank overdrafts repayable on demand are a component of cash and cash equivalents.

Interest bearing loans and borrowings

Interest bearing loans and borrowings are initially recognised in the balance sheet at fair value less directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses arising on the repurchase, settlement or other cancellation of liabilities are recognised respectively in finance income and finance cost.

On a refinancing any unamortised financing charges are accelerated through the consolidated income statement.

Foreign currencies

Functional and presentation currency

The consolidated financial statements of the group are presented in pounds sterling. The presentation currency of the consolidated financial statements is the same as the functional currency of the company. For each entity the Group determines the functional currency and items, included in the financial statements of each entity, are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated income statement, except when hedge accounting is applied and for differences in monetary assets and liabilities that form part of the group's net investment in a foreign operation. These are taken in other comprehensive income until the disposal of the net investment, at which time they are recognised in the consolidated income statement.

Foreign operations

The consolidated income statement and statement of cash flows of foreign operations are translated at the average rate of exchange during the period. The balance sheet is translated at the rate ruling at the reporting date. Exchange differences arising on opening net assets and arising on the translation of results at an average rate compared to a closing rate are both recognised in other comprehensive income. On disposal of a foreign operation, the accumulated exchange differences previously recognised in other comprehensive income are included in the consolidated income statement.

Certain of the group's financial instruments are classified as net investment hedges when they hedge the group's net investment in foreign operations. See derivative financial instruments and hedging policy for further detail.

Issued share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Own shares

The cost of own shares held in employee share trusts and in treasury is deducted from shareholders' equity until the shares are cancelled, reissued or disposed. Where such shares are subsequently sold or reissued, the fair value of any consideration received is also included in shareholders' equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. Accounting policies continued

New standards and interpretations not applied

The group has not applied the following IFRSs, which may be applicable to the group, that have been issued (although in some cases not yet adopted by the EU) but are not yet effective:

		Effective date – periods commencing on or after
International Financial Reporting Standards (IFRS)		
IFRS 9	Financial Instruments	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 2	Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2	1 January 2018
Annual IFRS Improvement Process		
AIP IAS 28	Investments in Associates and Joint ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment decision	1 January 2018
AIP IFRS 1	First-time Adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters	1 January 2018

The group is currently confirming the impacts of the above new standards and interpretations on its results, balance sheet and cash flows, which are not expected to have a material impact on the financial statements with the exception of IFRS 16: Leases.

IFRS 9: Financial Instruments; The group will adopt this standard for the period starting 1 October 2018. The new standard will impact the way the group accounts for certain financial assets and liabilities. The standard introduces an expected credit loss model when assessing impairment on financial assets. The group intends to apply the simplified model to recognise expected lifetime losses on its trade receivables. The group has reviewed the impact on the financial statements as at 1 October 2018 and assessed that none of these changes are material based on the nature of the financial instruments held by the group and the low level of historic losses on trade receivables.

IFRS 9 also introduces a new hedging requirement to align hedge accounting more closely with the group's risk management processes. There is currently an option to defer the transition of hedge accounting IFRS 9. The group has therefore decided to continue to account for hedging relationships under IAS 39 'Financial instruments: recognition and measurement' and will review when to adopt the hedge accounting for IFRS 9 at a future date. On adoption there is not expected to be any material change in hedge accounting for the group.

IFRS 16: Leases; The new standard provides a single lessee accounting model, requiring lessees to recognise right of use assets and lease liabilities on the balance sheet for all applicable leases. The group has assessed the impact of the standard which, based on the leases held at 30 September 2018, will result in a material increase in depreciation and an increase in finance costs offset by a decrease in rental costs resulting in no material impact on profit before tax. In addition there will be a material increase in property, plant and equipment with a corresponding increase in loans and borrowings as applicable leases are brought onto the balance sheet. The group is in the process of finalising this work and setting out related accounting policies. Until this work has been carried out it is not practical to provide a reasonable estimate of the financial effect of IFRS 16.

4. Key judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. In the process of applying the group's accounting policies, management has made the following judgements and estimates which have the most significant effect on the amounts recognised in the financial statements.

Judgements

Franchise rights

Franchise rights represent franchise agreements acquired as part of the Britvic Ireland business combination which provides long term rights to distribute certain soft drinks. These agreements were allocated a 35 year useful economic life at the time of acquisition based on a third party assessment. As at 30 September 2018 these intangible assets have a remaining useful life of 24 years. The franchise agreement itself has a remaining contract life of 7 years which is less than the useful economic life. The useful economic life has been determined on the basis that the renewal of the franchise agreements, without significant cost, is highly probable. Evidence to support this conclusion is:

- Significant emphasis on maintaining a strong relationship with Pepsi, strengthened through the addition of PepsiCo products to Britvic's portfolio in recent years;
- Lack of alternative suppliers; and
- High barriers of entry to the Irish soft drinks bottling market.

Intangible assets with indefinite lives

Management have made a judgement that certain intangible assets relating to brands have indefinite lives.

It is expected that the trademarks with indefinite lives will be held and supported for an indefinite period of time and are expected to generate economic benefits. The group is committed to supporting its trademarks and invests in significant consumer marketing promotional spend.

Estimates

Post-retirement benefits

The determination of the pension and other post-retirement benefits cost and obligation is based on assumptions determined with independent actuarial advice. The assumptions include discount rate, inflation, pension and salary increases, expected return on scheme assets, mortality and other demographic assumptions. These key assumptions are disclosed in note 22.

Impairment of goodwill and intangible assets with indefinite lives

Determining whether goodwill and intangible assets with indefinite lives are impaired requires an estimation of the value in use of the cash generating units to which the goodwill/intangible asset has been allocated. The value in use calculation requires an estimate of the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Further details are given in note 15.

Sales related rebates and discounts

The group agrees to pay customers various amounts in the form of sales related rebates and discounts. Accruals are made for each individual promotion or rebate based on the specific terms and conditions of the customer agreement. Management makes estimates on an ongoing basis to assess customer performance and sales volume to calculate total amounts earned to be recorded as deductions from revenue. Further details are given in note 3.

5. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the company.

For management purposes, the group is organised into business units and has six reportable segments as follows:

- GB stills – United Kingdom excluding Northern Ireland
- GB carbs – United Kingdom excluding Northern Ireland
- Ireland – Republic of Ireland and Northern Ireland
- France
- Brazil
- International

These business units sell soft drinks into their respective markets.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on brand contribution. This is defined as revenue less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product. Such costs include brand specific advertising and promotion costs, raw materials and marginal production and distribution costs. However, group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to reportable segments.

Transfer prices between reportable segments are on an arm's length basis in a manner similar to transactions with third parties.

52 weeks ended 30 September 2018	GB stills £m	GB carbs £m	Total GB £m	Ireland £m	France £m	International £m	Brazil £m	Total £m
Revenue from external customers	280.7	610.6	891.3	174.0	269.2	49.0	120.1	1,503.6
Brand contribution	116.6	251.7	368.3	57.1	81.4	10.2	24.8	541.8
Non-brand advertising & promotion*								(11.2)
Fixed supply chain**								(113.7)
Selling costs**								(79.5)
Overheads and other costs*								(131.4)
Adjusted operating profit								206.0
Finance costs								(19.8)
Adjusting items***								(40.4)
Profit before tax								145.8

* Included within 'administration expenses' in the consolidated income statement. 'Overheads and other costs' relate to central expenses including salaries, IT maintenance, depreciation and amortisation.

** Included within 'selling and distribution costs' in the consolidated income statement.

*** See Non-GAAP reconciliations for further details on adjusting items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

5. Segmental reporting continued

52 weeks ended 1 October 2017 Restated	GB stills £m	GB carbs £m	Total GB £m	Ireland £m	France £m	International £m	Brazil £m	Total £m
Revenue from external customers	269.3	555.3	824.6	154.7	281.4	46.3	123.5	1,430.5
Brand contribution	112.0	234.4	346.4	49.6	81.9	6.9	23.2	508.0
Non-brand advertising & promotion*								(10.1)
Fixed supply chain**								(105.1)
Selling costs**								(81.7)
Overheads and other costs*								(115.6)
Adjusted operating profit								195.5
Finance costs								(20.1)
Adjusting items***								(36.6)
Profit before tax								138.8

* Included within 'administration expenses' in the consolidated income statement. 'Overheads and other costs' relate to central expenses including salaries, IT maintenance, depreciation and amortisation, and have been restated to exclude acquisition related amortisation.

** Included within 'selling and distribution costs' in the consolidated income statement.

*** See Non-GAAP reconciliations for further details on adjusting items. These items have been restated to include acquisition related amortisation for 2017.

Geographic information

Revenues from external customers

The analysis below is based on the location where the sale originated.

	2018 £m	2017 £m Restated
United Kingdom	941.5	869.4
Republic of Ireland	149.6	134.4
France	274.2	287.0
Brazil	120.1	123.5
Other	18.2	16.2
Total revenue	1,503.6	1,430.5

Non-current assets

	2018 £m	2017 £m
United Kingdom	490.1	417.4
Republic of Ireland	135.5	123.0
France	237.5	237.4
Brazil	110.0	142.8
Other	2.3	2.7
Total	975.4	923.3

Non-current assets for this purpose consist of property, plant and equipment, intangible assets and other receivables.

6. Operating profit

This is stated after charging/(crediting):

	2018 £m	2017 £m
Cost of inventories recognised as an expense	770.3	724.3
Including write-down of inventories to net realisable value	0.4	1.5
Research and development expenditure written off	8.3	10.2
Net foreign currency exchange differences	2.4	(8.5)
Depreciation of property, plant and equipment	48.5	40.3
Amortisation of intangible assets	18.4	19.0
Reversal of impairments of trademarks* (Note 15)	(11.5)	(9.2)
Impairments of trademarks (Note 15)	–	6.6
Impairment of property, plant and equipment	4.8	–
Loss on disposal of property, plant and equipment	4.5	1.6
Government grants	(4.4)	(4.5)
Operating lease payments – minimum lease payments	9.2	10.4

* Disclosed as other income

7. Auditor's remuneration

	2018 £m	2017 £m
Audit of the group financial statements	0.2	0.2
Audit of subsidiaries	0.6	0.6
Total audit services	0.8	0.8
Audit related assurance services	0.1	0.1
Total non-audit services	0.1	0.1
Total fees	0.9	0.9

8. Staff costs

	2018 £m	2017 £m
Wages and salaries	165.6	153.2
Social security costs	26.6	26.5
Net pension charge	11.3	12.4
Expense of share based compensation (note 27)	5.6	6.3
	209.1	198.4

	2018 £m	2017 £m
Directors' emoluments	2.9	2.8
Aggregate gains made by directors on exercise of options	–	–

	2018 No.	2017 No.
Number of directors accruing benefits under defined benefit schemes	–	–

The average monthly number of employees during the period was made up as follows:

	2018 No.	2017 No.
Distribution	349	342
Production	2,292	2,261
Sales and marketing	1,448	1,498
Administration	692	747
	4,781	4,848

9. Finance income and costs

	2018 £m	2017 £m
Finance income		
Bank deposits	1.0	1.0
Ineffectiveness in respect of fair value hedges	–	1.1
Total finance income	1.0	2.1
Finance costs		
Bank loans, overdrafts and loan notes	(20.8)	(21.1)
Unwind of discount on deferred consideration	–	(4.9)
Other charges	–	(0.3)
Ineffectiveness in respect of cash flow hedges	(0.5)	–
Total finance costs	(21.3)	(26.3)
Net finance costs	(20.3)	(24.2)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10. Taxation

a) Tax on profit on continuing operations

	2018 £m	2017 £m
Income statement		
Current income tax		
Current income tax charge	(23.0)	(30.3)
Amounts over/(under) provided in previous years	0.4	(2.1)
Total current income tax charge	(22.6)	(32.4)
Deferred income tax		
Origination and reversal of temporary differences	(6.1)	3.8
Amounts over provided in previous years	–	1.4
Total deferred tax (charge)/credit	(6.1)	5.2
Total tax charge in the income statement	(28.7)	(27.2)
Statement of comprehensive income/(expense)		
Deferred tax on defined benefit plans	(5.5)	(4.2)
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve	0.5	1.7
Tax on exchange differences accounted for in the translation reserve	–	(6.1)
Deferred tax on other temporary differences	–	0.1
Total tax charge in the statement of comprehensive income/(expense)	(5.0)	(8.5)
Statement of changes in equity		
Current tax on share options exercised	0.4	0.1
Deferred tax on share options granted to employees	–	2.0
Total tax credit in the statement of changes in equity	0.4	2.1

b) Reconciliation of the total tax charge

The tax expense in the consolidated income statement is higher (2017: higher) than the standard rate of UK corporation tax of 19.0% (2017: 19.5%). The differences are reconciled below:

	2018 £m	2017 £m
Profit before tax	145.8	138.8
Profit multiplied by the UK average rate of corporation tax of 19.0% (2017: 19.5%)	(27.7)	(27.1)
Permanent differences	(3.3)	(5.7)
Impact of change in tax rates on deferred tax liability	2.4	5.1
Current tax/deferred tax rate differential	0.9	0.8
Deferred tax write off	–	(0.8)
Tax over/(under) provided in previous years	0.4	(0.7)
Overseas tax rate differences	(1.4)	1.2
	(28.7)	(27.2)
Effective income tax rate	19.7%	19.6%

Permanent differences have decreased in comparison to the prior year due to the one-off inclusion in 2017 of permanent differences in Ireland relating to property disposals.

An additional deferred tax credit has arisen in the period as a result of a further reduction in the enacted French corporate income tax rate from 28% to 25% (2017: 33.33% to 28%). The deferred tax balances have been re-measured based on the tax rate expected to apply on reversal.

The increase in overseas tax rate difference reflects the changing profit mix arising from overseas profits. The pre-adjusted effective tax rate for future periods will continue to be impacted by the profit mix arising from the group's operations.

c) Income tax

	2018 £m	2017 £m
Income tax recoverable	2.3	4.5
Income tax payable	(2.2)	(12.4)
	0.1	(7.9)

Income tax payable has reduced mainly as a result of the final resolution of a historical tax provision in the UK dating from 2005/2006 which was settled during the year.

d) Uncertain tax positions

Where the outcome of jurisdictional tax laws are subject to interpretation, management relies on its best judgement and estimates the likely outcomes to ensure all uncertain tax positions are adequately provided for in the Group Financial Statements. Settlement of tax provisions could potentially result in future cash tax payments however these are not expected to result in an increased tax charge as they have been provided for in accordance with management's best estimates of the most likely outcomes.

e) Unrecognised tax items

The Group considers that there will be no direct or withholding tax consequences of future remittances of earnings from overseas subsidiaries and therefore that no temporary difference arises in respect of its overseas investments. Accordingly, there is no amount of deferred tax provided or unprovided in respect of investments in subsidiaries.

A deferred tax asset has been recognised in respect of losses that have arisen in both Ireland and Brazil. In relation to the latter, a deferred tax asset of £5.4m (2017: £7.3m) has been recognised in respect of losses and other temporary differences in an entity where losses have been made in the prior period. These are expected to be recoverable on an ongoing basis due to anticipated increase in profits in subsequent periods. All existing tax losses may be carried forward indefinitely, however in Brazil losses may only be utilised to the extent of 30% of taxable profit in each year.

No deferred tax asset has been recognised in respect of unused losses from prior periods, which at current exchange rates amounts to £5.4m (2017: £5.7m).

f) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2018 £m	2017 £m
Deferred tax liability		
Accelerated capital allowances	(15.4)	(10.1)
Acquisition fair value adjustments	(32.8)	(32.7)
Post employment benefits	(26.9)	(18.4)
Deferred tax liability	(75.1)	(61.2)
Deferred tax asset		
Employee incentive plan	4.8	5.0
Unutilised losses incurred in overseas jurisdictions	8.6	10.1
Other temporary differences	4.8	2.2
Deferred tax asset	18.2	17.3
Net deferred tax liability	(56.9)	(43.9)

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2018 £m	2017 £m
Net deferred tax assets	5.6	7.5
Net deferred tax liabilities	(62.5)	(51.4)
	(56.9)	(43.9)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10. Taxation continued

f) Deferred tax continued

The deferred tax included in the consolidated income statement is as follows:

	2018 £m	2017 £m
Employee incentive plan	(0.2)	(0.4)
Accelerated capital allowances	(5.7)	0.5
Post employment benefits	(3.0)	(2.7)
Acquisition fair value adjustments	0.6	6.0
Utilised losses incurred in overseas jurisdictions	(0.4)	1.0
Other temporary differences	2.6	0.8
Deferred tax charge	(6.1)	5.2

In 2018 there was a £2.4m credit (2017: £5.1m credit) in the consolidated income statement arising from the reduction in the French corporate income tax rate.

11. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the period attributable to the equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to the ordinary equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted earnings per share computations:

	2018 £m	2017 £m
Basic earnings per share		
Profit for the period attributable to equity shareholders	117.1	111.6
Weighted average number of ordinary shares in issue for basic earnings per share	263.7	263.0
Basic earnings per share	44.4p	42.4p
Diluted earnings per share		
Profit for the period attributable to equity shareholders	117.1	111.6
Effect of dilutive potential ordinary shares – share schemes	1.7	1.3
Weighted average number of ordinary shares in issue for diluted earnings per share	265.4	264.3
Diluted earnings per share	44.1p	42.2p

The group has granted share options to employees which have the potential to dilute basic EPS in the future which have not been included in the calculation of diluted EPS as they are antidilutive for the periods presented (see note 27).

12. Dividends paid and proposed

	2018 £m	2017 £m
<i>Declared and paid during the period</i>		
Equity dividends on ordinary shares		
Final dividend for 2017: 19.3p per share (2016: 17.5p per share)	50.8	45.9
Interim dividend for 2018: 7.9p per share (2017: 7.2p per share)	20.9	19.0
Dividends paid	71.7	64.9
<i>Proposed</i>		
Final dividend for 2018: 20.3p per share (2017: 19.3p per share)	53.7	50.9

13. Property, plant and equipment

	Freehold land and buildings £m	Leasehold land and buildings £m	Plant and machinery £m	Fixtures, fittings, tools and equipment £m	Assets under construction £m	Total £m
At 2 October 2016 net of accumulated depreciation and impairment	91.2	22.6	101.0	41.3	126.3	382.4
Exchange differences	(0.7)	0.1	0.7	0.1	0.1	0.3
Additions	3.7	–	14.5	14.1	92.3	124.6
Transfers on completion	29.2	10.2	99.3	10.7	(149.4)	–
Acquisition of subsidiary	11.5	–	1.6	1.0	–	14.1
Disposals at cost	(13.3)	(5.2)	(56.2)	(17.8)	–	(92.5)
Depreciation eliminated on disposals	3.1	0.1	51.6	18.2	–	73.0
Depreciation charge for the period	(3.5)	(1.5)	(23.3)	(12.0)	–	(40.3)
At 1 October 2017 net of accumulated depreciation and impairment	121.2	26.3	189.2	55.6	69.3	461.6
Exchange differences	(3.9)	–	(2.5)	–	(0.5)	(6.9)
Additions	1.6	0.9	11.8	11.1	97.5	122.9
Transfers on completion	4.0	0.9	60.3	12.9	(78.1)	–
Disposals at cost	(1.6)	–	(26.9)	(16.2)	–	(44.7)
Impairment	(4.8)	–	–	–	–	(4.8)
Depreciation eliminated on disposals	0.7	–	24.0	15.5	–	40.2
Depreciation charge for the period	(4.6)	(0.8)	(29.6)	(13.5)	–	(48.5)
At 30 September 2018 net of accumulated depreciation and impairment	112.6	27.3	226.3	65.4	88.2	519.8
At 30 September 2018						
Cost (gross carrying amount)	168.0	44.0	501.7	207.4	88.2	1,009.3
Accumulated depreciation and impairment	(55.4)	(16.7)	(275.4)	(142.0)	–	(489.5)
Net carrying amount	112.6	27.3	226.3	65.4	88.2	519.8
At 1 October 2017						
Cost (gross carrying amount)	166.9	42.2	460.2	199.6	69.3	938.2
Accumulated depreciation and impairment	(45.7)	(15.9)	(271.0)	(144.0)	–	(476.6)
Net carrying amount	121.2	26.3	189.2	55.6	69.3	461.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14. Intangible assets

	Trademarks £m	Franchise rights £m	Customer lists £m	Software costs £m	Goodwill £m	Other £m	Total £m
At 2 October 2016	130.0	19.0	47.8	25.0	195.3	0.8	417.9
Exchange differences	0.3	0.3	(0.1)	0.4	1.0	(0.1)	1.8
Additions	–	–	–	6.8	–	–	6.8
Acquisition of subsidiary	14.9	–	15.7	–	13.2	1.1	44.9
Net reversal of impairment	2.6	–	–	–	–	–	2.6
Amortisation charge for the period	(2.8)	(0.7)	(6.9)	(8.3)	–	(0.3)	(19.0)
At 1 October 2017	145.0	18.6	56.5	23.9	209.5	1.5	455.0
Exchange differences	(6.4)	0.2	(3.9)	0.1	(6.2)	(0.2)	(16.4)
Additions	–	–	–	7.8	–	–	7.8
Reversal of impairment	11.5	–	–	–	–	–	11.5
Amortisation charge for the period	(2.8)	(0.7)	(7.0)	(7.4)	–	(0.5)	(18.4)
At 30 September 2018	147.3	18.1	45.6	24.4	203.3	0.8	439.5
At 30 September 2018							
Cost (gross carrying amount)	183.1	26.4	83.9	101.7	262.7	1.7	659.5
Accumulated amortisation and impairment	(35.8)	(8.3)	(38.3)	(77.3)	(59.4)	(0.9)	(220.0)
Net carrying amount	147.3	18.1	45.6	24.4	203.3	0.8	439.5
At 1 October 2017							
Cost (gross carrying amount)	178.9	26.2	89.4	93.6	280.0	2.1	670.2
Accumulated amortisation and impairment	(33.9)	(7.6)	(32.9)	(69.7)	(70.5)	(0.6)	(215.2)
Net carrying amount	145.0	18.6	56.5	23.9	209.5	1.5	455.0

Trademarks

Britvic Ireland and Britvic France

All trademarks have been allocated an indefinite life by management. A list of the trademarks held in respect of the Britvic Ireland and Britvic France segments is shown in note 15.

Britvic Brazil

Trademarks in Brazil have been allocated useful economic lives of 14.3 – 14.8 years. As at 30 September 2018 these intangible assets have an average remaining useful life of 12 years.

Franchise rights

Franchise rights represent franchise agreements acquired as part of the Britvic Ireland business combination which provides long term rights to distribute certain soft drinks. These agreements were allocated a 35 year useful economic life at the time of acquisition based on a third party assessment. As at 30 September 2018 these intangible assets have a remaining useful life of 24 years. The franchise agreement itself has a remaining contract life of 7 years which is less than the useful economic life. The useful economic life has been determined on the basis that the renewal of the franchise agreements, without significant cost, is highly probable. Evidence to support this conclusion is:

- Significant emphasis on maintaining a strong relationship with Pepsi, strengthened through the addition of PepsiCo products to Britvic's portfolio in recent years;
- Lack of alternative suppliers; and
- High barriers of entry to the Irish soft drinks bottling market.

In the unlikely event that it was deemed that the contract might not be renewed then the useful economic life would need to be reduced to its remaining contractual life. As at 30 September 2018 this would increase the annual amortisation for franchise rights by £1.9m to £2.6m.

Customer lists

Britvic France

Customer lists recognised on the acquisition of Britvic France relate to those customer relationships acquired. These intangible assets have been allocated useful economic lives of 20 years. At 30 September 2018 these intangible assets have a remaining useful life of 12 years.

Britvic Ireland

Customer lists represent those customer relationships acquired which are valued in respect of the grocery and wholesale businesses. These customer lists have been allocated useful economic lives of between 10 and 20 years. At 30 September 2018 these intangible assets have a remaining useful life of between 1 and 9 years.

Britvic Brazil

Customer lists recognised on acquisitions in Britvic Brazil relate to those customer relationships acquired. These intangible assets have been allocated useful economic lives of between 4 and 9 years. At 30 September 2018 these intangible assets have a remaining useful life of between 1 and 7 years.

Software costs

Software is capitalised at cost. As at 30 September 2018 these intangible assets have a remaining useful life of up to 7 years.

Goodwill

Goodwill is subject to an impairment review at each reporting date in accordance with IAS 36 'Impairment of Assets'. Further detail is provided in note 15.

Intangible assets recognised on the acquisition of Britvic Ireland, Britvic France and Britvic Brazil are valued in local currency and translated to sterling at the reporting date.

15. Impairment testing of intangible assets

Carrying amount of goodwill and trademarks with indefinite lives

The carrying amount of goodwill acquired through business combinations, and trademarks with indefinite lives recognised as part of fair value exercises on acquisitions, are attributable to the following cash-generating units:

	2018 £m	2017 £m
Goodwill CGUs		
Britvic GB		
Orchid	6.0	6.0
Tango	8.9	8.9
Robinsons	38.6	38.6
Britvic Soft Drinks business (BSD)	7.8	7.8
Britvic Ireland	22.1	21.9
Britvic France	89.7	88.8
Britvic Brazil	30.2	37.5
	203.3	209.5
	2018 £m	2017 £m
Trademarks with indefinite lives		
Britvic Ireland CGUs		
Britvic	4.4	4.4
Cidona	5.9	5.9
MiWadi	9.1	9.0
Ballygowan	23.5	11.7
Club	15.1	14.9
	58.0	45.9
Britvic France CGUs		
Teisseire	50.9	50.4
Moulin de Valdonne	4.2	4.1
Pressade	4.8	4.8
	59.9	59.3
Total Trademarks with indefinite lives	117.9	105.2

Goodwill amounts for Britvic GB were recognised on acquisitions made within Britvic GB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

15. Impairment testing of intangible assets continued

Trademarks with indefinite lives were recognised as part of the fair value exercises relating to the 2007 acquisition of Britvic Ireland and the 2010 acquisition of Britvic France. They were allocated by senior management to the individual cash-generating units for impairment testing as shown in the table above.

Goodwill in Brazil comprises goodwill relating to the acquisition of Ebba and Bela Ischia. Management consider this to be a single CGU based on the integration of Bela Ischia into the overall Britvic Brazil business.

Method of impairment testing

Goodwill and intangible assets with indefinite lives

Impairment reviews of goodwill and intangible assets are undertaken by senior management annually. Value in use calculations are performed for each cash-generating unit using cash flow projections and are based on the latest annual financial budgets prepared by senior management and approved by the board of directors. Senior management expectations are formed in line with performance to date and experience, as well as available external market data.

Discount rates reflect senior management's estimate of the pre-tax cost of capital adjusted where necessary to reflect the different risks of different countries in which the group operates. The estimated pre-tax cost of capital is the benchmark used by management to assess operating performance and to evaluate future capital investment proposals. The group has considered the impact of the current economic climate in determining the appropriate discount rate to use in impairment testing. The same discount rate is relevant to all CGUs in each country as the group only operates in the soft drinks manufacturing and distribution market sector. The applicable pre-tax discount rate for cash flow projections is:

	At 30 September 2018	At 1 October 2017
Britvic GB	6.2%	7.1%
Britvic Ireland	7.3%	8.1%
Britvic France	7.1%	8.1%
Britvic Brazil	12.9%	12.8%

Key assumptions used in value in use calculations

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Volume growth rates – reflect senior management expectations of volume growth based on growth achieved to date, current strategy and expected market trends and will vary according to each CGU.

Marginal contribution – being revenue less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product. Marginal contribution is based on financial budgets approved by the Britvic plc board. Key assumptions are made within these budgets about pricing, discounts and costs based on historical data, current strategy and expected market trends.

Advertising and promotional spend – financial budgets approved by senior management are used to determine the value assigned to advertising and promotional spend. This is based on the planned spend for year one and strategic intent thereafter.

Raw materials price, production and distribution costs, selling costs and other overhead inflation – the basis used to determine the value assigned to inflation is the forecast increase in consumer price indices in the relevant market. This has been used in all value in use calculations performed.

Cash flows are based on the latest approved budgets for the following year and forecasts for up to a further four years. The applicable long term growth rates are:

	At 30 September 2018	At 1 October 2017
Britvic GB	1.6%	2.2%
Britvic Ireland	2.0%	2.0%
Britvic France	1.8%	1.7%
Britvic Brazil	2.6%	2.9%

Intangible assets with finite lives

No indicators of impairment were identified on intangible assets with finite lives and no impairment was recognised against these assets.

Results and conclusions

During the 52 week period ended 30 September 2018 an impairment of £11.5m from prior years was reversed on the Ballygowan brand in Britvic Ireland due to the strong performance of the brand during the current period together with management's expectation for increased future cash flow for the brand.

During the 52 week period ended 1 October 2017 an impairment of £4.4m was made on the Fruite trademark in Britvic France and an impairment of £2.2m was made on the Britvic Brand in Britvic Ireland. Additionally £9.2m of impairment from prior years was reversed on the Ballygowan brand in Britvic Ireland.

Other than for the Ballygowan brand the directors do not consider that a reasonably possible change in the assumptions used to calculate the value in use of remaining goodwill and intangible assets would result in any impairment/reversal of impairment. For the Ballygowan brand where a reversal of impairment has been made during the current period, an increase in the discount rate by 0.5% would have reduced the reversal from £11.5m to £7.6m. Conversely a decrease in the discount rate of 0.5% would have resulted in the full reversal of the impairment of the brand of £15.2m.

16. Inventories

	2018 £m	2017 £m
Raw materials	64.2	62.2
Finished goods	67.2	72.9
Consumable stores	12.7	11.3
Returnable packaging	0.4	0.3
Total inventories at lower of cost and net realisable value	144.5	146.7

17. Trade and other receivables (current)

	2018 £m	2017 £m
Trade receivables	313.4	283.7
Other receivables	18.5	16.1
Prepayments	24.9	21.3
	356.8	321.1

Trade receivables are non-interest bearing and are generally on credit terms usual for the markets in which the group operates. As at 1 October 2018, trade receivables at nominal value of £4.3m (2017: £4.3m) were impaired and fully provided against. Movements in the provision for impairment of receivables were as follows:

	Total £m
At 2 October 2016	3.0
Acquisition of subsidiary	0.7
Exchange differences	(0.1)
Charge for period	3.4
Utilised	(0.1)
Unused amounts reversed	(2.6)
At 1 October 2017	4.3
Exchange differences	(0.6)
Charge for period	4.6
Utilised	(3.8)
Unused amounts reversed	(0.2)
At 30 September 2018	4.3

The group takes the following factors into account when considering whether a provision for impairment should be made for trade receivables:

- Payment performance history; and
- External information available regarding credit ratings.

The ageing analysis of trade receivables is as follows:

	Total £m	Neither past due nor impaired £m	Past due but not impaired				
			<30 days £m	30 – 60 days £m	60 – 90 days £m	90 – 120 days £m	> 120 days £m
2018	313.4	265.4	28.1	5.8	3.4	0.8	9.9
2017	283.7	235.0	31.9	7.8	2.3	0.6	6.1

The credit quality of trade receivables that are neither past due nor impaired is considered good. Refer to note 24 for details of the group's credit risk policy. The group monitors the credit quality of trade receivables by reference to credit ratings available externally.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

18. Cash and cash equivalents

	2018 £m	2017 £m
Cash at bank and in hand	41.0	25.7
Deposits	68.5	56.8
Cash and cash equivalents in the statement of cash flows	109.5	82.5

During the year, short-term deposits are made for varying periods depending on the immediate cash requirements of the group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is equal to the book value.

At 30 September 2018 the group had available £342.0m (2017: £377.7m) of un-drawn committed borrowing facilities in respect of which all conditions precedent had been met. These facilities have a maturity date of November 2021.

Where available, the group operates cash pooling arrangements whereby the net cash position across a number of accounts is recognised for interest purposes.

19. Share capital

	No. of shares	Value £
Issued, called up and fully paid ordinary shares		
At 2 October 2016	262,871,256	52,574,251
Shares issued relating to incentive schemes for employees	925,744	185,149
At 1 October 2017	263,797,000	52,759,400
Shares issued relating to incentive schemes for employees	809,911	161,982
At 30 September 2018	264,606,911	52,921,382

The issued share capital is wholly comprised of ordinary shares carrying one voting right each. The nominal value of each ordinary share is £0.20. There are no restrictions placed on the distribution of dividends, or the return of capital on a winding up or otherwise.

Of the issued and fully paid ordinary shares, 724,335 shares (2017: 585,025 shares) are own shares held by an employee benefit trust. This equates to £144,867 (2017: £117,005) at £0.20 par value of each ordinary share. These shares are held for the purpose of satisfying the share schemes detailed in note 27.

An explanation of the group's capital management process and objectives is set out in note 24.

20. Other reserves

	Hedging reserve £m	Translation reserve £m	Capital reserve £m	Merger reserve £m	Total £m
At 2 October 2016	3.8	55.3	0.1	87.3	146.5
Losses in the period in respect of cash flow hedges	(3.2)	–	–	–	(3.2)
Amounts recycled to the income statement in respect of cash flow hedges	(7.0)	–	–	–	(7.0)
Deferred tax in respect of cash flow hedges	1.7	–	–	–	1.7
Exchange differences on translation of foreign operations	–	(1.3)	–	–	(1.3)
Tax on exchange differences	–	(6.1)	–	–	(6.1)
Movement in non-distributable profit	–	–	(0.1)	–	(0.1)
At 1 October 2017	(4.7)	47.9	–	87.3	130.5
Losses in the period in respect of cash flow hedges	(2.6)	–	–	–	(2.6)
Amounts recycled to the income statement in respect of cash flow hedges	(0.4)	–	–	–	(0.4)
Deferred tax in respect of cash flow hedges	0.5	–	–	–	0.5
Exchange differences on translation of foreign operations	–	(35.1)	–	–	(35.1)
At 30 September 2018	(7.2)	12.8	–	87.3	92.9

Share premium account

The share premium account is used to record the excess of proceeds over the nominal value on the issue of shares.

Own shares reserve

The own shares reserve is used to record purchases and issues by the group of its own shares, which will be distributed to employees as and when share awards made under the Britvic employee share plans vest.

Hedging reserve

The hedging reserve records the effective portion of movements in the fair value of forward exchange contracts, interest rate and cross currency swaps that have been designated as part of a cash flow hedge relationship.

Translation reserve

The translation reserve includes cumulative net exchange differences on translation into the presentational currency of items recorded in group entities with a non-sterling functional currency net of amounts recognised in respect of net investment hedges.

Merger reserve

The merger reserve arose as a result of the non pre-emptive share placement which took place on 21 May 2010. It was executed using a structure which created a merger reserve under Section 612-3 of the Companies Act 2006.

21. Interest bearing loans and borrowings

	2018 £m	2017 £m
Current		
Finance leases	(0.7)	(1.0)
Bank loans	(58.4)	(23.1)
Private placement notes	(112.9)	(66.3)
Less: unamortised issue costs	0.6	0.7
Total current	(171.4)	(89.7)
	2018 £m	2017 £m
Non-current		
Finance leases	(0.9)	(2.0)
Bank loans	(0.1)	(0.6)
Private placement notes	(598.0)	(581.7)
Less: unamortised issue costs	1.3	1.6
Total non-current	(597.7)	(582.7)
Total interest bearing loans and borrowings	(769.1)	(672.4)

Total interest bearing loans and borrowings comprise the following:

	2018 £m	2017 £m
Finance leases	(1.6)	(3.0)
2007 Notes	(109.6)	(107.0)
2009 Notes	(91.3)	(109.8)
2010 Notes	(88.6)	(133.1)
2014 Notes	(122.5)	(120.1)
2017 Notes	(175.0)	(175.0)
2018 Notes	(120.6)	–
Accrued interest	(3.3)	(3.0)
Bank loans	(58.5)	(23.7)
Capitalised issue costs	1.9	2.3
	(769.1)	(672.4)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

21. Interest bearing loans and borrowings continued

Analysis of changes in interest-bearing loans and borrowings

	2018 £m	2017 £m
At the beginning of the period	(672.4)	(779.8)
Acquisition of subsidiary	–	(3.3)
Acquired debt repaid	–	2.4
Net movement on revolving credit facility	(35.3)	91.4
Other loans repaid	0.7	0.6
Partial repayment of private placement notes	54.9	119.6
Drawdown of 2018/2017 private placement notes	(120.3)	(175.0)
Issue costs	0.4	0.7
Repayment of finance leases	1.1	0.8
Amortisation of issue costs and write off of financing fees	(0.6)	(0.6)
Net translation gain/(loss) and fair value adjustment	2.7	70.5
Accrued interest	(0.3)	0.3
At the end of the period	(769.1)	(672.4)
Derivatives hedging balance sheet debt*	84.1	87.0
Debt translated at contracted rate	(685.0)	(585.4)

* Represents the element of the fair value of interest rate currency swaps hedging the balance sheet value of the private placement notes. This amount has been disclosed separately to demonstrate the impact of foreign exchange movements which are included in interest bearing loans and borrowings.

Bank loans

Loans outstanding at 30 September 2018 attract interest at an average rate of 0.68% for euro denominated loans and 4.44% for Brazilian Real denominated loans (2017: 0.52% for euro denominated loans and 4.56% for Brazilian Real denominated loans).

Private placement notes

The group holds loan notes with coupons and maturities as shown in the following table:

Year issued	Maturity date	Amount	Interest terms
2007	February 2019	£13m	UK£ fixed at 5.94%
2007	February 2019	\$126m	US\$ fixed at 6.00%
2009	December 2019	\$120m	US\$ fixed at 5.24%
2010	December 2020 – December 2022	\$113m	US\$ fixed at 4.04% – 4.14%
2014	February 2021 – February 2024	£35m	UK£ fixed at 3.40% – 3.92%
2014	February 2024 – February 2026	\$114m	US\$ fixed at 4.09% – 4.24%
2017	February 2025 – February 2032	£120m	UK£ fixed at 2.31% – 2.76%
2017	February 2027 – February 2032	£55m	UK£ LIBOR plus 1.32% – 1.36%
2018	June 2028 – June 2033	£65m	UK£ fixed at 2.66% – 2.88%
2018	June 2030	£20m	UK£ LIBOR plus 1.06%
2018	June 2028	€40m	€ EURIBOR plus 0.65%

The group entered into a number of cross-currency swap agreements in relation to the loan notes to manage any foreign exchange risk on interest rates or on the repayment of the principal borrowed. These swaps expire in line with the loan notes and are discussed in note 25.

See note 24 for an analysis of the interest rate profile and the maturity of the borrowings and related interest rate swaps.

22. Pensions

Net asset/(liability) by scheme

	GB £m	ROI £m	NI £m	France £m	2018 Total £m
Present value of benefit obligation	(658.2)	(87.6)	(30.2)	(4.0)	(780.0)
Fair value of plan assets	739.2	82.2	45.5	–	866.9
Net asset/(liability)	81.0	(5.4)	15.3	(4.0)	86.9

	2017			
	GB £m	ROI £m	NI £m	France £m
Present value of benefit obligation	(726.1)	(83.5)	(35.3)	(3.9)
Fair value of plan assets	759.2	78.1	42.7	–
Net (liability)/asset	33.1	(5.4)	7.4	(3.9)

GB Schemes

The group's principal pension scheme for GB employees, the Britvic Pension Plan ('BPP') has both a final salary defined benefit section and defined contribution section. The defined benefit section was closed to new members from 1 August 2002 and closed to future accrual for active members from 1 April 2011, with active members moving to the defined contribution section for future service benefits.

The BPP is a limited partner of Britvic Scottish Limited Partnership ('Britvic SLP'), which in turn is a limited partner in both Britvic Property Partnership ('Britvic PP') and Britvic Brands LLP. Britvic SLP, Britvic PP and Britvic Brands LLP are all consolidated by the group. The investment held by BPP does not represent a plan asset for accounting purposes and is therefore not included in the fair value of the plan assets.

Certain properties and group brands have been transferred to Britvic PP and Britvic Brands LLP respectively, all of which are leased back to Britvic Soft Drinks Limited. The group retains operational flexibility over the properties and brands including the ability to substitute the properties and brands held by Britvic PP and Britvic Brands respectively. The BPP is entitled to a share of the profits in Britvic SLP until 2026. At the end of this period, the partnership capital allocated to the BPP will be changed to an amount equal to any funding deficit of the BPP at this time, up to a maximum of £105m.

Contributions are paid into the defined benefit section of the BPP as determined by the Trustee, agreed by the company and certified by an independent actuary in the Schedule of Contributions. In addition to the expected partnership income of at least £5m per annum, the group will make a payment to the BPP of £15m by 31 December 2018. An additional contribution of £15m will be made by 31 December 2019 due to the formal actuarial valuation in 2016 revealing these contributions are necessary to help return the BPP to full funding on a self-sufficiency basis by 31 March 2026. During this year £19.9m of additional contributions were paid to the BPP, of which £14.9m was paid by the group and £5.0m relates to income received from the pension funding partnership ('PFP') structure.

The contributions required are determined based on the secondary funding deficit revealed at the last triennial actuarial funding valuation, currently at 31 March 2016. The secondary funding deficit will always differ from the accounting valuation surplus/deficit above.

Accounting standards require all companies to discount their projected cashflows at a standard rate based on high quality corporate bonds and not to allow for prudence when calculating the value of the liabilities. This is in contrast to the funding valuation where prudence is a requirement when assessing the value of the liabilities. This, in combination with the Plan being invested in relatively low risk assets as part of the funding strategy agreed, results in the funding valuation being expected to show a higher deficit than the accounting valuation. The benefits of adopting a low risk approach to funding is that there is less volatility expected in the Company's future contribution requirements.

In addition when comparing the surplus/deficit, consideration of the different dates of valuations need to be taken into account.

The accounting valuation is assessed at the current balance sheet date of 30 September 2018, whereas the contributions agreed were based on the funding valuation at 31 March 2016.

The amount recognised as an expense in relation to the BPP defined contribution scheme in the consolidated income statement for 2018 was £10.1m (2017: £10.6m).

Britvic's business in GB also has a secured unfunded, unregistered retirement benefit scheme called The Britvic Executive Top Up Scheme ('BETUS') which provides benefits for members who have historically exceeded the Earnings Cap, or the Lifetime Allowance whilst members of the defined benefit section of the BPP. BETUS closed to future accrual on 10 April 2011 which coincided with the closure of the defined benefit section of the BPP.

IFRIC 14 is applicable for accounting periods commencing on or after 1 January 2009. The Trustee of the Plan previously made a change to the Rules of the Plan to clarify that any surplus may be returned directly to the Company without prior Trustee approval on the death or leaving of the final member of the Plan. Furthermore, any such refund should be treated as income for tax purposes. These two points should mean that IFRIC 14 does not have any practical impact on the Plan and so no allowance for it (and, in particular, no allowance for the asset ceiling) has been made in the calculated figures. BETUS is treated as unfunded for the purposes of IAS 19, so IFRIC 14 is not applicable.

Republic of Ireland scheme

The Britvic Ireland Pension Plan ('BIPP') is a defined benefit pension plan. Following legislative changes made in 2012 no deficit recovery contributions are currently required. The Trustee has been undertaking investment de-risking to protect the on-going funding position achieved as a result of the 2012 changes. The latest triennial valuation was carried out as at 1 January 2018. The scheme remains open to future accrual for current members.

The amount recognised as an expense in relation to the Irish defined contribution schemes in the consolidated income statement for 2018 was £0.6m (2017: £0.8m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22. Pensions continued

Northern Ireland scheme

The Britvic Northern Ireland Pension Plan ('BNIPP') is a defined benefit pension plan which was closed to new members on 28 February 2006, and since this date new employees have been eligible to join a Stakeholder plan with Legal & General. The latest formal actuarial valuation for contribution purposes was carried out as at 31 December 2014.

Contributions are paid into the BNIPP as determined by the Trustee, agreed by the company and certified by an independent actuary in the Schedule of Contributions. Additional contributions of £1.5m per annum will be paid on a monthly basis up to 30 June 2022. The scheme remains open to future accrual for current members though the group are currently consulting with members and trustees on closing the scheme for future accruals.

France schemes

Britvic France operates two defined benefit schemes: in the first, employees receive long-service cash payments at various stages throughout their careers. For the second, employees receive a lump sum at retirement. Payment amounts are dependent upon salary and service with the company. The schemes are unfunded therefore these benefits are paid directly as they fall due.

All group pension schemes are administered by trustees who are independent of the group's finances, except for the Britvic France schemes which are operated directly by the company.

Net benefit / (expense)

	2018 Total £m	2017 Total £m
Current service cost	(1.7)	(1.8)
Net interest on net defined benefit asset/(liability)	1.3	0.1
Curtailment/settlement gain	0.2	1.1
Net expense	(0.2)	(0.6)

The curtailment/settlement gain in the prior period arose due to the retirement of executives and the exchange of their benefits in the BETUS for a cash lump sum recognised in administration expenses.

Other than stated below, the net expense detailed above is recognised in arriving at net profit from continuing operations before tax and finance costs/ income, and is included within cost of sales, selling and distribution costs and administration expenses.

Taken to the statement of comprehensive income

	2018 Total £m	2017 Total £m
Actual return/(loss) on scheme assets	19.1	(23.8)
Less: Amounts included in net interest expense	(22.8)	(20.4)
Return on plan assets (excluding amounts included in net interest expense)	(3.7)	(44.2)
Gains due to demographic assumptions	6.2	7.9
Gains due to financial assumptions	29.8	62.4
Experience gains	1.0	0.6
Remeasurement gains taken to the statement of comprehensive income	33.3	26.7

Movements in present value of benefit obligation

	GB £m	ROI £m	NI £m	France £m	2018 Total £m
At 1 October 2017	(726.1)	(83.5)	(35.3)	(3.9)	(848.8)
Exchange differences	—	(0.9)	—	—	(0.9)
Settlement gain	—	—	—	0.2	0.2
Current service cost	—	(1.2)	(0.1)	(0.4)	(1.7)
Member contributions	—	(0.3)	—	—	(0.3)
Interest cost on benefit obligation	(18.8)	(1.8)	(0.8)	(0.1)	(21.5)
Benefits paid	52.3	2.8	0.8	0.1	56.0
Remeasurement gains	34.4	(2.7)	5.2	0.1	37.0
At 30 September 2018	(658.2)	(87.6)	(30.2)	(4.0)	(780.0)
Weighted average duration of the liabilities	21 years	23 years	19 years	15 years	

	2017			
	GB £m	ROI £m	NI £m	France £m
At 2 October 2016	(805.4)	(91.3)	(39.9)	(3.9)
Exchange differences	–	(1.5)	–	(0.1)
Settlement gain	0.9	0.2	–	–
Current service cost	–	(1.4)	(0.1)	(0.3)
Member contributions	–	(0.3)	–	–
Interest cost on benefit obligation	(18.0)	(1.3)	(0.9)	(0.1)
Benefits paid	40.4	1.7	1.4	0.1
Remeasurement gains	56.0	10.4	4.2	0.4
At 1 October 2017	(726.1)	(83.5)	(35.3)	(3.9)
Weighted average duration of the liabilities	22 years	23 years	21 years	15 years

Movements in fair value of plan assets

	2018			
	GB £m	ROI £m	NI £m	Total £m
At 1 October 2017	759.2	78.1	42.7	880.0
Exchange differences	–	0.9	–	0.9
Interest income on plan assets	20.1	1.6	1.1	22.8
(Losses)/return on scheme assets excluding interest income	(7.7)	3.2	0.8	(3.7)
Employer contributions	19.9	0.9	1.7	22.5
Member contributions	–	0.3	–	0.3
Benefits paid	(52.3)	(2.8)	(0.8)	(55.9)
At 30 September 2018	739.2	82.2	45.5	866.9

	2017			
	GB £m	ROI £m	NI £m	Total £m
At 2 October 2016	804.9	77.7	40.4	923.0
Exchange differences	–	1.4	–	1.4
Interest income on plan assets	18.4	1.1	0.9	20.4
(Losses)/return on scheme assets excluding interest income	(43.7)	(1.7)	1.2	(44.2)
Employer contributions	20.0	1.0	1.6	22.6
Member contributions	–	0.3	–	0.3
Benefits paid	(40.4)	(1.7)	(1.4)	(43.5)
At 1 October 2017	759.2	78.1	42.7	880.0

Principal assumptions

The assets and liabilities of the pension schemes were valued on an IAS 19 (Revised) basis at 30 September 2018, by Towers Watson (BPP and the French schemes), Invesco (BIPP) and Buck (BNIPP).

Financial assumptions

	2018			
	GB %	ROI %	NI %	France %
Discount rate	2.95	2.00	3.00	1.30 – 1.80
Rate of compensation increase	n/a	2.00	3.55	2.00 – 3.00
Pension increases	1.90 – 3.00	–	1.90 – 2.25	–
Inflation assumption	3.25	1.70	2.25	–

	2017			
	GB %	ROI %	NI %	France %
Discount rate	2.70	2.10	2.65	1.30 – 1.80
Rate of compensation increase	n/a	2.00	3.70	2.00 – 3.00
Pension increases	1.90 – 2.95	–	1.95 – 2.40	–
Inflation assumption	3.20	1.60	2.40	0.02

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22. Pensions continued

Demographic assumptions

The most significant non-financial assumption is the assumed rate of longevity. This is based on standard actuarial tables, which for the BPP are known as SAPS Series 1. An allowance for future improvements in longevity has also been included. The following life expectancy assumptions have been used:

	2018 GB Years	2018 ROI Years	2018 NI Years	2017 GB Years	2017 ROI Years	2017 NI Years
Current pensioners (at age 65) – males	21.5	21.2	21.1	21.6	21.1	22.0
Current pensioners (at age 65) – females	24.0	23.7	23.7	24.1	23.6	25.3
Future pensioners currently aged 45 (at age 65) – males	22.9	23.6	22.5	23.0	23.5	23.4
Future pensioners currently aged 45 (at age 65) – females	25.6	25.9	25.3	25.6	25.8	26.8

Sensitivities

Changes in assumptions used for determining retirement benefit costs and obligations may have a material impact on the consolidated income statement and balance sheet. The main assumptions are the discount rate, the rate of inflation and the assumed mortality rate. The following table provides an estimate of the potential impact of each of these variables on the principal pension plans.

Assumption	Change in assumption	Impact on GB liabilities	Impact on ROI liabilities	Impact on NI liabilities	Impact on France liabilities
Discount rate	Increase by 0.5%	Decrease by £63.7m	Decrease by £9.1m	Decrease by £2.5m	Decrease by £0.3m
	Decrease by 0.5%	Increase by £73.0m	Increase by £10.5m	Increase by £2.7m	Increase by £0.3m
Inflation rate	Increase by 0.25%*	Increase by £18.5m	Increase by £2.2m	Increase by £0.9m	Increase by £0.2m
	Decrease by 0.25%*	Decrease by £17.8m	Decrease by £2.2m	Decrease by £0.8m	Decrease by £0.1m
Longevity rates	Increase by 1 year	Increase by £23.2m	Increase by £2.2m	Increase by £1.1m	n/a

* The sensitivity to inflation assumption includes corresponding changes to future salary (applicable only to France) and future pension increase assumptions.

Categories of scheme assets as a percentage of the fair value of total scheme assets

	GB £m	ROI £m	NI £m	Total £m	2018 Total %
UK equities	–	–	10.7	10.7	1
Overseas equities	23.7	26.9	11.7	62.3	7
Properties	30.6	–	–	30.6	4
Corporate bonds	374.9	4.5	6.4	385.8	44
Fixed interest gilts	–	44.3	6.4	50.7	6
Index linked gilts	–	–	8.8	8.8	1
Liability-driven investments	295.2	–	–	295.2	34
Cash and other assets	14.8	6.5	1.5	22.8	3
Total	739.2	82.2	45.5	866.9	100

	GB £m	ROI £m	NI £m	Total £m	2017 Restated Total %
UK equities	19.9	–	10.9	30.8	4
Overseas equities	23.0	31.4	10.7	65.1	7
Properties	23.4	3.4	–	26.8	3
Corporate bonds	374.1	–	6.0	380.1	43
Fixed interest gilts	–	43.3*	6.1	49.4	6
Index linked gilts	–	–	8.2	8.2	1
Liability-driven investments	312.5	–	–	312.5	35
Cash and other assets	6.3	–	0.8	7.1	1
Total	759.2	78.1	42.7	880.0	100

* These assets were previously shown in Index linked gilts but have been reclassified to fixed interest gilts to better reflect the underlying nature of these assets.

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of properties are not based on quoted market prices. The fixed interest and index linked asset classes include leveraged gilt funds.

Liability-driven investments are a portfolio of assets used in the GB scheme to hedge the exposure to changes in interest rates and inflation. It consists of equities, fixed interest gilts and index linked gilts including leveraged gilt funds. The fair value of these assets is derived from quoted market prices of the underlying funds held. These funds are held as part of the strategy by the trustees of the GB scheme to invest in low risk assets that provide a hedge against interest rates and inflation.

Normal contributions of £1.1m are expected to be paid into the defined benefit pension schemes during the 2019 financial year.

Additional contributions of £21.5m are expected to be paid into the defined benefit pension schemes during the 2019 financial year, of which £16.5m is expected to be paid by the group and £5.0m by the partnership.

Risks

For defined contribution sections and plans, the group's liability is limited to the requirement to pay contributions on behalf of each employee. In these arrangements the associated risks are borne by the members.

For defined benefit sections and plans, the group bears the risks of operation. The main risk that the group runs in respect of the defined benefit schemes is that additional contributions are required to pay for the benefits if investment returns are not sufficient. The contributions required for the schemes are in general determined at each triennial actuarial funding valuation. The key factors that will affect the need for additional contributions include levels of long-term inflation and interest rates and the assessment of how long members are expected to live, along with the level of investment return achieved. The level of investment return achieved is subject to a range of risks typical of the asset classes held, in particular market risk on equities, credit risk on corporate bonds and exposure to the property market. The discount rates used to calculate the liabilities are set by reference to yields on high quality corporate bonds. There is therefore a mismatch between the assets held and the way that the liabilities are calculated, meaning that the net balance sheet position disclosed under IAS 19 could fluctuate.

For the BPP, the trustee holds the power to determine the contribution rates that the group should pay, although the group fully uses the opportunity to make representation to the trustee on this point.

The trustee of the BPP has implemented an investment strategy which consists of a diverse range of fixed interest and index-linked securities, which provides a significant hedge against inflation and interest rate risk.

The funding partnership mitigates the risk that additional cash contributions will be required after 31 March 2026, as the partnership will pay up to £105m to remove any funding deficit at 31 March 2026.

On 26 October 2018, the High Court ruled that Lloyds Banking Group must equalise the guaranteed minimum pensions (GMP) for men and women. The judgement is likely to have an impact on the liabilities of both GB and Northern Ireland schemes. For further details see note 32.

23. Trade and other payables (current)

	2018 £m	2017 £m Restated
Trade payables	267.3	240.7
Other payables	26.4	32.4
Accruals	56.2	64.9
Other taxes and social security	74.4	46.9
	424.3	384.9

Trade payables are non-interest bearing and are normally settled on 60 – 90 day terms.

24. Financial risk management objectives and policies

Overview

The group's principal financial instruments comprise derivatives, borrowings and overdrafts, and cash and cash equivalents. These financial instruments are used to manage interest rate and currency exposures, funding and liquidity requirements and share price exposure arising under the group's employee incentive schemes. Other financial instruments which arise directly from the group's operations include trade receivables and payables (see notes 17 and 23 respectively).

It is, and has always been, the group's policy that no derivative is entered into for trading or speculative purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24. Financial risk management objectives and policies continued

The main risks arising from the group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Additionally, the group is exposed to commodity price risk and share price risk. The board of directors review and agree policies for managing these risks as summarised below.

Interest rate risk

The group's policy is to manage its interest cost by maintaining a mix of fixed and variable rate debt. The group enters into interest rate swaps, cross currency swaps and forward rate agreements to hedge underlying debt obligations. At 30 September 2018 after taking into account the effect of these instruments, approximately 60% of the group's borrowings are at a fixed rate of interest (2017: 66%).

Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the group's profit before tax (through the impact on floating rate borrowings) and equity (through the change in fair values of applicable derivative instruments).

	Increase/ (decrease) in basis points	Effect on profit before tax £m	Effect on equity £m
2018			
Sterling	200	(1.0)	44.9
	(200)	1.0	(53.5)
Euro	200	(2.7)	2.2
	(200)	2.7	(2.3)
2017			
Sterling	200	(0.6)	37.3
	(200)	0.6	(43.5)
Euro	200	(3.2)	2.8
	(200)	3.2	(3.0)

Foreign currency risk

Foreign currency risk is primarily in respect of exposure to fluctuations to the sterling-euro, sterling-US dollar, euro-US dollar and US dollar-Brazilian real rates of exchange. The group has operations in euro-denominated countries and finances these partly through the use of foreign currency borrowings and cross currency swaps which hedge the translation risk of net investments in foreign operations. Additionally cash generation from euro-denominated operations can be utilised to meet euro payment obligations in sterling denominated companies, providing a natural hedge.

The group also has transactional exposures arising from purchases of prime materials, capital expenditure and interest costs in currencies other than the functional currency of the individual group entities. Non-functional currency purchases and interest costs are mainly in the currencies of US dollars and euros. As at 30 September 2018 the group has hedged 77% (2017: 75%) of forecast net exposures 12 months in advance using forward foreign exchange contracts.

Where funding is raised in a currency other than the currency ultimately required by the group, cross currency interest rate swaps are used to convert the cash flows to the required currency. These swaps have the same duration and other critical terms as the underlying borrowing.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar, euro and Brazilian real exchange rates, with all other variables held constant, of the group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the group's equity (due to changes in fair value of forward exchange contracts).

	Increase/ (decrease) in basis points	Effect on profit before tax £m	Effect on equity £m
2018			
Sterling/euro	10	2.4	(9.3)
	(10)	(2.4)	9.3
Sterling/US dollar	10	0.4	(1.2)
	(10)	(0.4)	1.2
Euro/US dollar	10	1.3	(1.3)
	(10)	(1.3)	1.3
US dollar/Brazilian real	10	0.9	–
	(10)	(0.9)	–
2017			
Sterling/euro	10	4.5	(10.9)
	(10)	(4.5)	10.9
Sterling/US dollar	10	–	(1.7)
	(10)	–	1.7
Euro/US dollar	10	0.3	(1.2)
	(10)	(0.3)	1.2
US dollar/Brazilian real	10	–	–
	(10)	–	–

Credit risk

The group trades only with recognised creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's experience of bad debts is not significant. The maximum exposure is the carrying amount disclosed in note 17. There are no significant concentrations of credit risk within the group.

The group maintains a policy on counterparty credit exposures with banks and financial institutions arising from the use of derivatives and financial instruments. This policy restricts the investment of surplus funds and entering into derivatives to counterparties with a minimum credit rating maintained by either Moody's, Standard & Poors or Fitch. The level of exposure with counterparties at various ratings levels is also restricted under this policy. The level of exposure and the credit worthiness of the group's banking counterparties is reviewed regularly to ensure compliance with this policy.

Commodity price risk

The main commodity price risk arises in the purchases of prime materials, being polyethylene terephthalate (PET), sugar, steel and frozen concentrated orange juice. The group does not enter into derivative contracts to hedge commodity price risk however in the normal course of business where it is considered commercially advantageous, the group enters into fixed price contracts with suppliers to protect against unfavourable commodity price changes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24. Financial risk management objectives and policies continued

Liquidity risk

The group monitors its risk of a shortage of funds using rolling cash flow forecasts. These forecasts consider the maturity of both its financial investments and financial assets (e.g. accounts receivable and other financial assets) and projected cash flows from operations. The objective of the group's liquidity policy is to maintain a balance between continuity of funds and flexibility through the use of bank loans and overdrafts and long term private placement issuance.

The group's bank facility has a maturity of November 2021 and is unsecured. As at 30 September 2018, the group had drawn down £58.0m (2017: £22.3m) under this facility. In addition to this facility the group had £0.5m of outstanding external borrowings all of which were secured (2017: £1.4m all of which were secured).

The table below summarises the maturity profile of the group's financial liabilities at 30 September 2018 based on contractual undiscounted payments and receipts including interest:

	Less than 1 year £m	1 to 5 years £m	> 5 years £m	Total £m
2018				
Bank loans	58.4	0.2	–	58.6
Private placement notes	132.8	253.4	440.5	826.7
Derivatives hedging private placement notes – payments	72.1	164.1	76.0	312.2
Derivatives hedging private placement notes – receipts	(78.9)	(170.2)	(77.5)	(326.6)
	126.0	247.3	439.0	812.3
Trade, other payables and contract liabilities (excluding other taxes and social security)	447.3	–	–	447.3
Finance leases	0.7	0.9	–	1.6
Other financial liabilities	0.4	0.1	–	0.5
	632.8	248.5	439.0	1,320.3
2017				
Bank loans	23.1	0.6	–	23.7
Private placement notes	80.6	331.3	339.3	751.2
Derivatives hedging private placement notes – payments	58.6	202.6	108.1	369.3
Derivatives hedging private placement notes – receipts	(65.8)	(215.9)	(109.4)	(391.1)
	73.4	318.0	338.0	729.4
Trade, other payables and contract liabilities (excluding other taxes and social security)	425.7	–	–	425.7
Finance leases	1.0	2.0	–	3.0
Other financial liabilities	1.7	0.2	–	1.9
	524.9	320.8	338.0	1,183.7

In respect of the private placement notes, the periods when the cash flows are expected to occur (as shown by the tables above) and when they are expected to affect the consolidated income statement are the same.

Details with regard to derivative contracts are included in note 25.

Fair values of financial assets and financial liabilities

Hierarchy

The group uses the following valuation hierarchy to determine the carrying value of financial instruments that are measured at fair value:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Unless otherwise stated, the valuation basis used to calculate fair value is Level 2.

All derivatives are valued using discounted cash flow analysis using the applicable yield curve for the duration of the instruments. Forward currency contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Cross currency interest rate swaps are measured at the present value of future cash flows estimated and discounted based on quoted forward exchange rates and the applicable yield curves derived from quoted interest rates. The fair value of derivatives also includes the non-performance risk of both Britvic and its derivatives trading counterparties.

As in the prior year, the carrying value of financial assets and liabilities are considered to be reasonable approximations of their fair values, except for fixed rate borrowings.

The fair value of the group's fixed rate interest-bearing borrowings and loans at 30 September 2018 was £593.6m (2017: £601.8m) compared to a carrying value of £597.5m (2017: £591.4m). The fair value of the group's fixed rate interest-bearing borrowings and loans are determined by using discounted cash flow methods using discount rates that reflect the group's borrowing rate as at the end of the reporting period.

Capital management

The group defines 'capital' as being net debt plus equity. The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern and maintain an appropriate capital structure to balance the needs of the group to grow, whilst operating with sufficient headroom within its bank covenants.

The following table summarises the capital of the group:

	2018 £m	2017 £m
Financial assets		
Cash and cash equivalents	(109.5)	(82.5)
Derivatives hedging balance sheet debt	(84.1)	(87.0)
Financial liabilities		
Financial liabilities held at amortised cost	769.1	672.4
Adjusted net debt	575.5	502.9
Equity	377.5	339.3
Capital	953.0	842.2

The group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or in order to facilitate acquisitions. To maintain or adjust the capital structure, the group has a number of options available to it including modifying dividend payments to shareholders, returning capital to shareholders or issuing new shares. In this way, the group balances returns to shareholders between long term growth and current returns whilst maintaining capital discipline in relation to investing activities and taking any necessary action on costs to respond to the current environment.

The group monitors capital on the basis of the adjusted net debt/EBITDA ratio. Adjusted net debt is calculated as being the net of cash and cash equivalents, interest bearing loans and borrowings and the element of the fair value of interest rate currency swaps hedging the balance sheet value of the US private placement notes. Adjusted net debt is shown in note 28. The adjusted net debt/EBITDA ratio enables the group to plan its capital requirements in the medium term. The group uses this measure to provide useful information to financial institutions and investors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25. Derivatives and hedge relationships

As at 30 September 2018 the group had entered into the following derivative contracts.

	2018 £m	2017 £m
Consolidated balance sheet		
<i>Non-current assets: derivative financial instruments</i>		
Fair value of the USD GBP cross currency fixed interest rate swaps ¹	15.2	43.5
Fair value of the USD GBP cross currency floating interest rate swaps ³	25.1	25.6
Fair value of the GBP euro cross currency floating interest rate swaps ²	–	0.5
Fair value of forward currency contracts	0.2	0.1
	40.5	69.7
<i>Current assets: derivative financial instruments</i>		
Fair value of the USD GBP cross currency fixed interest rate swaps ¹	33.0	7.1
Fair value of the USD GBP cross currency floating interest rate swaps ³	2.9	6.8
Fair value of the GBP euro cross currency floating interest rate swaps ²	0.4	0.5
Fair value of forward currency contracts ¹	1.6	2.8
	37.9	17.2
<i>Current liabilities: derivative financial instruments</i>		
Fair value of forward currency contracts ¹	(0.4)	(1.5)
Fair value of forward currency contracts	(0.3)	–
Fair value of the GBP euro cross currency floating interest rate swaps ²	–	(1.0)
Fair value of foreign exchange swaps	–	(0.2)
	(0.7)	(2.7)
<i>Non-current liabilities: derivative financial instruments</i>		
Fair value of the GBP euro cross currency fixed interest rate swaps ²	(4.1)	(3.9)
Fair value of forward currency contracts ¹	(0.1)	(0.2)
	(4.2)	(4.1)

1. Instruments designated as part of a cash flow hedge relationship.

2. Instruments designated as part of a net investment hedge relationship.

3. Instruments designated as part of a fair value hedge relationship.

Derivatives designated as part of hedge relationships

As at 30 September 2018 these hedging relationships are categorised as follows:

Cash flow hedges

Forward currency contracts

The forward currency contracts hedge the expected future purchases in the period to March 2019 and have been assessed as part of effective cash flow hedge relationships as at 30 September 2018.

Cross currency interest rate swaps

USD GBP cross currency interest rate swaps

The group has a number of cross currency interest rate swaps relating to the 2007, 2010 and 2014 USPP Notes. These cross currency interest rate swaps have the effect of fixing both the value of the USD borrowings into sterling and the rate of interest payable. The cross currency interest rate swaps are designated as part of a cash flow hedge relationship with the USPP Notes.

Cash flows due under these cross currency interest rate swaps match the interest payment dates and maturity profile of the USPP Notes. The maturity profile of the USPP Notes can be seen in note 21.

During the year the cash flow hedge has been tested for effectiveness and as a result a £0.5m loss (2017: £nil) has been recognised in the income statement in respect of ineffectiveness.

Cash flow hedge net unrealised gains/(losses) and related deferred tax assets/(liabilities):

	Net unrealised gain/(loss) within equity £m	Related deferred tax asset/(liability) £m
2018		
Forward currency contracts	1.3	(0.2)
2007 cross currency swaps	(0.1)	–
2010 cross currency swaps	(3.6)	0.6
2014 cross currency swaps	(6.4)	1.1
	Net unrealised gain/(loss) within equity £m	Related deferred tax asset/(liability) £m
2017		
Forward currency contracts	1.1	(0.2)
2007 cross currency swaps	0.7	(0.1)
2010 cross currency swaps	(3.6)	0.6
2014 cross currency swaps	(3.9)	0.7

Fair value hedges**Cross currency interest rate swaps**

The group has a number of cross currency interest rate swaps in respect of the 2009 and 2010 USPP Notes. These instruments swap the principal and interest from fixed rate US dollar into floating rate sterling (the '2009 and 2010 USD GBP cross currency interest rate swaps'). The cross currency interest rate swaps are designated as part of a fair value hedge relationship with the USPP Notes.

The fair value movements on the 2009 and 2010 USD GBP cross currency interest rate instruments are recorded in the consolidated income statement, with a corresponding adjustment to the carrying value of the Notes where the hedge is deemed effective.

The decrease in fair value of the cross currency interest rate swaps, excluding maturities, of £0.7m (2017: £10.3m decrease) has been recognised in finance costs and offset with a similar gain on the borrowings of £0.5m (2017: £10.8m gain). The net loss of £0.2m (2017: £0.5m gain) represents the ineffective portion on the hedges of the debt.

Net investment hedges**2009 and 2010 GBP EUR cross currency interest rate swaps**

These instruments swap sterling liabilities arising from the 2009 and 2010 USD GBP cross currency interest rate swaps into euro liabilities and have been designated as part of effective hedges of the net investments in Britvic France and Britvic Ireland.

The GBP EUR cross currency interest rate swaps, along with the underlying loan instruments, are being used to hedge the group's exposure to foreign exchange risk on these euro investments. Movements in the fair value of the GBP EUR cross currency interest rate swaps are taken to equity where they offset foreign exchange movements on the translation of the net investments in Britvic France and Britvic Ireland.

No ineffectiveness has been recognised in the consolidated income statement (2017: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

25. Derivatives and hedge relationships continued

Impact of derivatives and hedge relationships on the consolidated statement of comprehensive income

	2018 £m	2017 £m
Consolidated statement of comprehensive income		
<i>Amounts recycled to the income statement in respect of cash flow hedges</i>		
Forward currency contracts*	1.0	(10.0)
2007 cross currency interest rate swaps**	(2.7)	(2.4)
2010 cross currency interest rate swaps**	3.7	2.6
2014 cross currency interest rate swaps**	(2.4)	2.8
	(0.4)	(7.0)
<i>Ineffectiveness recognised in the income statement in respect of cash flow hedges</i>		
2010 cross currency interest rate swaps**	(0.5)	–
	(0.5)	–
<i>Gains/(losses) in the period in respect of cash flow hedges</i>		
Forward currency contracts	(0.8)	1.8
2007 cross currency interest rate swaps	1.9	0.7
2010 cross currency interest rate swaps	(3.6)	(2.3)
2014 cross currency interest rate swaps	(0.1)	(3.4)
	(2.6)	(3.2)
<i>Exchange differences on translation of foreign operations</i>		
Movement on 2009 GBP euro cross currency interest rate swaps	(0.5)	–
Movement on 2010 GBP euro cross currency interest rate swaps	(0.4)	(0.7)
Movement on Euro loans designated as net investment hedges	0.1	–
Exchange movements on translation of foreign operations	(34.3)	(0.6)
	(35.1)	(1.3)

* Offsetting amounts recorded in cost of sales.

** Offsetting amounts recorded in finance income/costs.

26. Provisions

	Restructuring £m	Other £m	Total £m
At 2 October 2016	3.6	9.1	12.7
Acquisition of subsidiary	–	0.9	0.9
Provisions utilised during the year	(3.1)	(1.7)	(4.8)
Unused amounts reversed	(0.1)	–	(0.1)
At 1 October 2017	0.4	8.3	8.7
Provisions made during the year	6.4	–	6.4
Provisions utilised during the year	(1.2)	(2.3)	(3.5)
Unused amounts reversed	–	(0.5)	(0.5)
Exchange differences	0.1	(1.2)	(1.1)
At 30 September 2018	5.7	4.3	10.0
Current	1.6	1.0	2.6
Non-current	4.1	3.3	7.4
At 30 September 2018	5.7	4.3	10.0
Current	0.4	3.3	3.7
Non-current	–	5.0	5.0
At 2 October 2017	0.4	8.3	8.7

Restructuring provisions

Restructuring provisions at 30 September 2018 and 1 October 2017, primarily relate to contract termination costs, consultation fees and employee termination benefits, recognised by the group following the implementation of cost initiatives announced in 2016. These costs include provisions for the closure of the Norwich site as announced in October 2017. Provisions due in more than one year are expected to be settled on the closure of the Norwich site at the end of 2019. The impact of discounting was deemed to be immaterial.

Other provisions

Other provisions at 30 September 2018 and 1 October 2017, primarily relate to onerous lease provisions that have arisen due to the exit of certain group premises, and the period over which these will be settled ranges from 1 to 8 years and certain provisions recognised on the acquisition of subsidiaries in Brazil which relate to regulatory and legal claims and are expected to be settled in 1 to 5 years. The impact of discounting was deemed to be immaterial.

27. Share-based payments

Britvic operates a broad base of employee plans as well as executive plans. In GB Britvic operates SIP plans for all employees, whereas outside of GB Britvic operates both share-settled and cash-settled plans. Executives participate in ESOP and PSP plans and senior leadership team participates in PSP plans.

The expense recognised for share-based payments in respect of employee services received during the 52 weeks ended 30 September 2018, including national insurance is £5.6m (2017: £6.3m). This expense arises from transactions which are expected to be equity-settled share-based payment transactions.

The Britvic Share Incentive Plan ('SIP')

The SIP is an all-employee HMRC approved share plan open to employees based in GB. Employees are entitled to receive the annual free share award, where granted by the group, provided they are employed by the company on the last day of each financial year and on the award date. Employees can't sell these shares for three years from their date of award. Employees also have the opportunity to invest up to £138 every 4 weeks (£1,800 per year) through the partnership share scheme. This is deducted from their gross salary. Matching shares are offered on the basis of one free matching share for each ordinary share purchased with a participant's savings, up to a maximum of £50 (2017: £50) per four week pay period.

Awards made during the period are shown in the table below. The fair value of these awards is equivalent to the intrinsic value of the shares.

	2018 No. of shares	2018 Weighted average fair value	2017 No. of shares	2017 Weighted average fair value
Annual free shares award	354,970	791.5p	455,512	578.0p
Matching shares award – 1 free share for every ordinary share purchased	101,665	758.6p	115,274	644.7p

The Britvic Executive Share Option Plan ('ESOP')

The ESOP allows for options to buy ordinary shares to be granted to executives. The option price is the average market price of Britvic plc's shares on the three business days before the date of grant. Options become exercisable on the satisfaction of the performance condition and remain exercisable until ten years after the date of grant.

Options granted in 2018

The performance condition requires the increase in EPS of 3% – 8% pa compound over a three year performance period for the options to vest. If the EPS growth is 3%, 20% of the options will vest, with full vesting at 8% EPS growth. Straight-line apportionment will be applied between these two levels to determine the number of options that vest and no options will vest if the EPS growth is below the lower threshold.

Options granted in 2017

Options granted in 2017 were as per the options granted in 2018 outlined above.

In some circumstances, at the discretion of the company, an option holder who exercises his/her option may receive a cash payment rather than the ordinary shares under option. The cash payment would be equal to the amount by which the market value of the ordinary shares under option exceeds the option price. However, it is expected that this plan will be equity-settled and as a consequence has been accounted for as such.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

27. Share-based payments continued

The following table illustrates the movements in the number of share options during the period:

	Number of share options	Weighted average exercise price (pence)
Outstanding at 2 October 2016	3,896,276	579.8
Granted	1,273,849	545.0
Exercised	(199,142)	368.3
Lapsed	(5,116)	671.0
Outstanding at 1 October 2017	4,965,867	579.2
Granted	934,092	792.4
Exercised	(246,711)	387.4
Lapsed	(655,335)	653.9
Outstanding at 30 September 2018	4,997,913	618.7
Exercisable at 30 September 2018	2,092,931	552.2

The weighted average share price for share options exercised during the period was 792.1p (2017: 691.8p).

The share options outstanding as at 30 September 2018 had a weighted average remaining contractual life of 6.5 years (2017: 7.2 years) and the range of exercise prices was 221.0p – 810.0p (2017: 221.0p – 711.7p).

The weighted average fair value of options granted during the period was 116.7p (2017: 77.6p).

The fair value of equity-settled share options granted is estimated as at the date of grant using a binomial model, taking account of the terms and conditions upon which the options were granted.

The Britvic Performance Share Plan ('PSP')

The PSP allows for awards of ordinary shares or nil cost options to be made to selected employees with vesting subject to the satisfaction of performance conditions, where different performance conditions apply to different groups of employees. Awards up to and including 2008, and 2013 and later were made in respect of ordinary shares. Awards granted between 2009 and 2011 were nil cost options. Nil cost options remain exercisable until 7 or 10 years after the date of grant for employees based in Ireland and UK respectively, whereas awards of ordinary shares are exercised when vested.

Awards granted in 2018

Three awards were granted in 2018.

The first award is split between the senior leadership team and the senior management team. The performance condition applied to awards granted to members of the senior leadership team is divided 75% and 25% between EPS and the total shareholder return (TSR) performance conditions respectively. EPS is the only condition applied to awards granted to the senior management team. The EPS condition is the same as described in the ESOP section for options granted in 2015.

The TSR condition measures the company's TSR relative to a comparator group (consisting of 18 companies) over a three year performance period. The awards will not vest unless the company's position in the comparator group is at least median. At median 20% will vest, rising on a straight-line basis to 100% vesting at upper quartile.

The second award was granted to members of the senior management team. EPS is the only condition applied to awards granted to the senior management team.

In some circumstances, at the discretion of the company, vested awards may be satisfied by a cash payment rather than a transfer of ordinary shares. However, it is expected that this plan will be equity-settled and as a consequence has been accounted for as such.

The third award is an exceptional award under the Performance Share Plan and has been awarded to selected employees. The performance condition applied to awards granted is continued employment for three years from date of grant.

Awards granted in 2017

Awards granted in 2017 were as per the three awards in 2018 outlined above.

The following tables illustrate the movements in the number of PSP shares and nil cost options during the period.

Number of shares and nil cost options subject to specific conditions	TSR condition	EPS condition	ROIC condition	Continued employment condition
Outstanding at 2 October 2016	534,274	2,280,660	179,924	147,004
Granted	189,787	1,341,525	–	130,563
Exercised	(123,972)	(404,000)	(116,187)	–
Lapsed	(63,737)	(23,270)	(63,737)	–
Outstanding at 1 October 2017	536,352	3,194,915	–	277,567
Granted	140,085	944,259	–	138,692
Exercised	(129,077)	(433,462)	–	–
Lapsed	(89,003)	(837,637)	–	(33,727)
Outstanding at 30 September 2018	458,357	2,868,075	–	382,532

Weighted average remaining contracted life in years for nil cost options outstanding at:

30 September 2018	3.2	2.9	–	–
1 October 2017	4.2	3.9	–	–

Key assumptions used to determine the fair value of ESOP and PSP

The fair value of options and awards granted is estimated as at the date of grant, taking account of the terms and conditions upon which shares options were granted. The fair value of the award subject to the TSR condition is determined using a Monte Carlo simulation. The fair value of all other awards is calculated using the share price at the date of grant, adjusted for dividends not received during the vesting period.

The following table lists the inputs to the model used in respect of the PSP awards and ESOP options granted during the financial year:

	2018	2017
Dividend yield (%)	3.32%	3.71
Expected volatility (%)	22.6%	24.9
Risk-free interest rate (%)	0.6	0.2
Expected life of option (years)	3 – 5	3 – 5
Share price at date of grant (pence)	533.0 – 809.5	533.0 – 705.0
Exercise price (pence)	542.0 – 810.0	542.0 – 710.0

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

28. Notes to the consolidated cash flow statement

Analysis of net debt

	2017 £m	Cash flows £m	Exchange differences £m	Other movement £m	2018 £m
Cash and cash equivalents	82.5	28.4	(1.4)	–	109.5
Debt due within one year	(89.7)	27.9	4.9	(114.5)	(171.4)
Debt due after more than one year	(582.7)	(119.9)	(2.2)	107.1	(597.7)
	(589.9)	(63.6)	1.3	(7.4)	(659.6)
Derivatives hedging the balance sheet debt*	87.0	(6.5)	3.6	–	84.1
Adjusted net debt	(502.9)	(70.1)	4.9	(7.4)	(575.5)

	2016 £m	Cash flows £m	Exchange differences £m	Other movement £m	2017 £m
Cash and cash equivalents	205.9	(121.3)	(2.1)	–	82.5
Debt due within one year	(288.1)	273.7	(6.6)	(68.7)	(89.7)
Debt due after more than one year	(491.7)	(175.0)	12.3	71.7	(582.7)
	(573.9)	(22.6)	3.6	3.0	(589.9)
Derivatives hedging the balance sheet debt*	157.5	(58.2)	(12.3)	–	87.0
Adjusted net debt	(416.4)	(80.8)	(8.7)	3.0	(502.9)

* Represents the element of the fair value of interest rate currency swaps hedging the balance sheet value of the USPP Notes. This amount has been disclosed separately to demonstrate the impact of foreign exchange movements which are included in debt due after more than one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

29. Commitments and contingencies

Operating lease commitments

Future minimum lease payments under non-cancellable operating leases are as follows:

	2018		
	Land and buildings £m	Other £m	Total £m
Within one year	3.7	4.3	8.0
After one year but not more than five years	9.8	5.6	15.4
After more than five years	25.5	–	25.5
	39.0	9.9	48.9

	2017		
	Land and buildings £m	Other £m	Total £m
Within one year	2.7	4.9	7.6
After one year but not more than five years	8.4	5.8	14.2
After more than five years	26.0	–	26.0
	37.1	10.7	47.8

Finance lease commitments

Future minimum lease payments under finance leases are as follows:

	2018 £m	2017 £m
Within one year	0.8	1.0
After one year but not more than five years	1.0	2.1
	1.8	3.1

Due to the timing of the expiry of the finance lease commitments, there is no material difference between the total future minimum lease payments and their fair value.

Capital commitments

At 30 September 2018, the group has commitments of £31.3m (2017: £20.1m) relating to the acquisition of new plant and machinery.

Contingent liabilities

The group had no material contingent liabilities at 30 September 2018 (2017: none).

30. Related party disclosures

The consolidated financial statements include the financial statements of Britvic plc and the subsidiaries listed in the table below.

Name	Principal activity	Country of incorporation	% equity interest
Directly held			
Britannia Soft Drinks Limited	Holding company	England and Wales ¹	100
Britvic Finance No 2 Limited	Financing company	Jersey ³	100
Indirectly held			
Britvic EMEA Limited	Marketing and distribution of soft drinks	England and Wales ¹	100
Britvic Soft Drinks Limited	Manufacture and sale of soft drinks	England and Wales ¹	100
Robinsons Soft Drinks Limited	Holding company	England and Wales ¹	100
Orchid Drinks Limited	Brand licence holder	England and Wales ¹	100
Red Devil Energy Drinks Limited	Brand licence holder	England and Wales ¹	100
Britvic International Investments Limited	Holding company	England and Wales ¹	100
Britvic Overseas Limited	Holding company	England and Wales ¹	100
Britvic Pensions Limited	Dormant	England and Wales ¹	100
Britvic Property Partnership	Pension funding vehicle	Scotland ⁵	100
Britvic Brands LLP	Pension funding vehicle	England and Wales ¹	100
Britvic Asset Company No.1 Limited	Pension funding vehicle	England and Wales ¹	100
Britvic Asset Company No.2 Limited	Pension funding vehicle	England and Wales ¹	100
Britvic Asset Company No.3 Limited	Pension funding vehicle	England and Wales ¹	100
Britvic Asset Company No.4 Limited	Pension funding vehicle	England and Wales ¹	100
Britvic Finance Partnership LLP	Financing company	England and Wales ¹	100
Robinsons (Finance) No.2 Limited	Financing company	England and Wales ¹	100
Britvic Scottish Limited Partnership	Pension funding vehicle	Scotland ⁵	100
Britvic Finance Limited	Financing company	Jersey ⁴	100
Britvic Irish Holdings Limited	Holding company	Republic of Ireland ⁶	100
Britvic Ireland Limited	Manufacture and marketing of soft drinks	Republic of Ireland ⁶	100
Britvic Northern Ireland Limited	Marketing and distribution of soft drinks	Republic of Ireland ⁶	100
Aquaport Limited	Supply of water-coolers and bottled water	Republic of Ireland ⁶	100
Britvic Americas Limited	Marketing and distribution of soft drinks	Republic of Ireland ⁶	100
Britvic Ireland Pension Trust DAC	Pension trust company	Republic of Ireland ⁶	100
Robinsons (Finance) Limited	Financing company	Republic of Ireland ⁶	100
Counterpoint Wholesale (Ireland) Limited	Wholesale of soft drinks to the licensed trade	Republic of Ireland ⁶	100
Counterpoint Wholesale (NI) Limited	Wholesale of soft drinks to the licensed trade	Northern Ireland ⁷	100
Britvic Northern Ireland Pensions Trust Limited	Pension trust company	Northern Ireland ⁷	100
Britvic North America LLC	Marketing and distribution of soft drinks	USA ⁸	100
Britvic France SAS	Holding partnership	France ⁹	100
Fruité Entreprises SAS	Holding company	France ⁹	100
Fruité SAS	Manufacture and sale of soft drinks	France ¹¹	100
Bricfruit SAS	Manufacture and sale of soft drinks	France ¹⁰	100
Unisource SAS	Manufacture and sale of soft drinks	France ¹²	100
Teisseire France SAS	Manufacture and sale of soft drinks	France ⁹	100
Teisseire Benelux SA	Marketing and distribution of soft drinks	Belgium ¹³	100
Britvic Brasil Holdings SA	Holding company	Brazil ¹⁴	100
Empresa Brasileira de Bebidas e Alimentos SA	Manufacture and sale of soft drinks	Brazil ¹⁵	100
Bela Ischia Alimentos Ltda	Manufacture and sale of soft drinks	Brazil ¹⁶	100
Britvic Asia PTE. Ltd	Holding company	Singapore ¹⁷	100
Britvic India Manufacturing Private Limited	Non-trading	India ¹⁸	100
Britvic International Support Services Limited	Dormant	England and Wales ¹	100
Greenbank Drinks Company Limited	Dormant	England and Wales ¹	100
The Really Wild Drinks Company Limited	Dormant	England and Wales ¹	100
H. D. Rawlings Limited	Dormant	England and Wales ¹	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30. Related party disclosures continued

Name	Principal activity	Country of incorporation	% equity interest
R. White & Sons Limited	Dormant	England and Wales ¹	100
Idris Limited	Dormant	England and Wales ¹	100
The Southern Table Water Company Limited	Dormant	England and Wales ¹	100
Britvic Corona Limited	Dormant	England and Wales ¹	100
Britvic Beverages Limited	Dormant	England and Wales ¹	100
Sunfresh Soft Drinks Limited	Dormant	England and Wales ¹	100
The London Essence Company Limited	Dormant	England and Wales ²	100
Hooper, Struve & Company Limited	Dormant	England and Wales ¹	100
British Vitamin Products Limited	Dormant	England and Wales ¹	100
Britvic Healthcare Trustee Limited	Dormant	England and Wales ¹	100
Wisehead Productions Limited	Dormant	England and Wales ²	100
Britvic Licensed Wholesale Limited	Dormant	Republic of Ireland ⁶	100
Knockton Limited	Dormant	Republic of Ireland ⁶	100
Britvic Munster Limited	Dormant	Republic of Ireland ⁶	100

1 Registered office: Breakspear Park, Breakspear Way, Hemel Hempstead, HP2 4TZ

2 Registered office: 9 Roding Road, Beckton, London E6 6LF

3 Registered office: IFC 5, St Helier, Jersey, JE1 1ST

4 Registered office: Portman House, Hue Street, St Helier, Jersey JE4 5RP

5 Registered office: 1 Exchange Crescent, Conference Square, Edinburgh, Scotland, EH3 8UL

6 Registered office: IFSC, 25-28 North Wall Quay, Dublin 1, Republic of Ireland

7 Registered office: 42-46 Fountain Street, Belfast, Northern Ireland, BT1 5EF

8 Registered office: 1209 Orange Street, Wilmington, Delaware 19801, United States of America

9 Registered office: 482 Avenue Ambroise Croizat, Crolles, France

10 Registered office: La Jaunaie-44690, Chateau-Tebaud, 321501611 RCS Nantes, France

11 Registered office: Z.I. Les Afforêts 74800, La Roche-Sur-Foron, France

12 Registered office: Z.I. de la Mouline 34440, Nissan-Lez-Enserune, France

13 Registered office: Rue Emile Francqui 11, 1435 Mont-Saint-Guibert, Belgium

14 Registered office: Avenue Reboucas, Pinheiros, Sao Paulo, Brazil

15 Registered office: Avenida Paulista, No. 1106, Edificio Paulista 1100, Bela Vista, CEP 01310-100, São Paulo, Brazil

16 Registered office: Rodovia MG 285-KM 77, sem número, Centro, CEP 36780-000, Astolfo Dutra/MG, Brazil

17 Registered office: 80 Robinson Road #17-02, Singapore 068898, Singapore

18 Registered office: 9SE, 9th Floor, The Ruby, 29 Senapati Bapatmarg, Dadar (West), Mumbai-400028, India

Key management personnel are deemed to be the executive and non-executive directors of the company and members of the Executive Committee. The compensation payable to key management in the period is detailed below.

	2018 £m	2017 £m
Short-term employee benefits	5.9	6.0
Post-employment benefits	0.5	0.5
Share-based payments	1.6	1.2
	8.0	7.7

See note 8 for details of directors' emoluments.

There were no other related party transactions requiring disclosure in these financial statements.

31. Acquisition of subsidiaries

On 2 October 2017, the final tranche of the deferred consideration payable on the acquisition of Ebba of £35.9m (BR\$152.2m) was paid. This was shown in other liabilities as at 1 October 2017.

On 2 March 2017, the group acquired 100% of the issued share capital of Bela Ischia Alimentos Ltda (Bela Ischia), a soft drinks company in Brazil with a large presence in the key areas of Rio de Janeiro and Minas Gerais. The acquisition strengthened both Britvic's brand portfolio and distribution footprint in Brazil by complementing existing strengths in Sao Paulo and the north east. The consideration for the acquisition comprised of cash consideration of £52.4m (BR\$200.8m). There was no deferred consideration.

On 2 February 2017, the group completed the acquisition of the trade and assets of East Coast Suppliers Limited a licensed wholesaler in Ireland. The acquisition enabled the group to grow its wholesale business in Ireland and in particular in the Dublin area. The consideration for the acquisition was £11.1m (€12.8m) comprising of an initial cash consideration of £8.4m (€9.5m) with £2.4m (€2.8m) paid 12 months from completion, £0.2m (€0.3m) due 36 months from completion and stamp duty of £0.2m (€0.2m).

32. Post balance sheet events

On 26 October 2018, the High Court ruled that Lloyds Banking Group must equalise the guaranteed minimum pensions (GMP) for men and women. The judgement is likely to have an impact on the liabilities of both GB and Northern Ireland schemes. The group has started to work through the impact of this judgement with the schemes' actuaries. Based on the approach used in recent buy-outs of pension schemes the expected impact for all UK schemes affected would be in the region of 1-3% of scheme liabilities depending on the individual characteristics of the pension scheme. There is therefore a risk that the schemes liabilities for the group could increase by c.£7m – £20m. Due to the timing of the ruling this has been considered a non-adjusting post balance sheet event and the impact of the GMP equalisation will be quantified and accounted for during the accounting period starting 1 October 2018.

33. Financial statements restatements

IFRS 15 restatements

The Group early adopted IFRS 15: Revenue from Contracts with Customers ("IFRS 15") on 2 October 2017 using the full retrospective method. This note details the impact of the adoption of IFRS 15 on the Group's primary financial statements and KPIs.

IFRS 15 establishes a comprehensive framework for determining and recognising revenue. The main impact of adopting the standard for the Group is:

- Reclassification of certain rebates offered to customers that had previously been recognised as selling and distribution costs to revenue, that are now considered to be a reduction in the transaction price under IFRS 15 (£57.6m).
- Reclassification of certain incentives received from revenue, to cost of sales, which do not now meet the definition of revenue under IFRS 15 (£52.7m).

There is no impact on profit before tax. The areas that have been impacted and restated for 2017 are the following: Revenue, Cost of sales, Gross profit, selling and distribution costs, administration expenses, segmental brand contribution, trade and other payables and contract liabilities.

Other restatements

The Group has restated the reversal of impairments on intangible assets from administration expenses to other income to better reflect the nature of these credits.

Consolidated Income Statement restated

	52 weeks ended 1 October 2017 (audited) As reported £m	IFRS 15 Adjustments £m	Other Adjustments £m	52 weeks ended 1 October 2017 (audited) Restated £m
Revenue	1,540.8	(110.3)	–	1,430.5
Cost of sales	(724.3)	57.1	–	(667.2)
Gross profit	816.5	(53.2)	–	763.3
Selling and distribution costs	(443.8)	50.7	–	(393.1)
Administration expenses	(209.7)	2.5	(9.2)	(216.4)
Other income	–	–	9.2	9.2
Operating profit	163.0	–	–	163.0
Finance income	2.1	–	–	2.1
Finance costs	(26.3)	–	–	(26.3)
Profit before tax	138.8	–	–	138.8
Taxation	(27.2)	–	–	(27.2)
Profit for the period attributable to the equity shareholders	111.6	–	–	111.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

33. Financial statements restatements continued

Other Primary Statement restatements for IFRS 15

The only adjustment to the consolidated balance sheet is in respect of contract liabilities. The group has identified balances with customers that should be recorded separately as contract liabilities under IFRS 15.

	1 October 2017 As reported £m	IFRS 15 Adjustments £m	1 October 2017 Restated £m
Current liabilities			
Trade and other payables	(472.6)	87.7	(384.9)
Contract liabilities	–	(87.7)	(87.7)

	2 October 2016 As reported £m	IFRS 15 Adjustments £m	3 October 2016 Restated £m
Current liabilities			
Trade and other payables	(437.2)	95.0	(342.2)
Contract liabilities	–	(95.0)	(95.0)

There is no impact on the adoption of IFRS 15 on the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity.

Segmental Information

	52 weeks ended 1 October 2017 As reported £m	IFRS 15 Adjustments £m	52 weeks ended 1 October 2017 Restated £m
Revenue			
GB Stills	285.2	(15.9)	269.3
GB Carbs	617.8	(62.5)	555.3
Total GB	903.0	(78.4)	824.6
Ireland	164.7	(10.0)	154.7
France	282.7	(1.3)	281.4
Brazil	133.1	(9.6)	123.5
International	57.3	(11.0)	46.3
Group revenue	1,540.8	(110.3)	1,430.5
Brand contribution			
GB Stills	125.4	(13.4)	112.0
GB Carbs	246.6	(12.2)	234.4
Total GB	372.0	(25.6)	346.4
Ireland	56.7	(7.1)	49.6
France	84.9	(3.0)	81.9
Brazil	28.2	(5.0)	23.2
International	17.8	(10.9)	6.9
Group brand contribution	559.6	(51.6)	508.0

COMPANY BALANCE SHEET

	Note	30 September 2018 £m	1 October 2017 £m
Non-current assets			
Investments in group undertakings	5	787.0	781.4
Other receivables		2.7	2.3
Derivative financial instruments	9	40.3	69.6
Deferred tax asset		1.6	1.1
		831.6	854.4
Current assets			
Trade and other receivables	6	509.7	461.6
Derivative financial instruments	9	36.3	14.4
Cash and cash equivalents		51.3	6.3
		597.3	482.3
Current liabilities			
Trade and other payables	7	(74.4)	(73.3)
Interest bearing loans	8	(384.8)	(229.3)
Derivative financial instruments	9	–	(1.1)
Other payables		–	(0.5)
		(459.2)	(304.2)
Net current assets		138.1	178.1
Total assets less current liabilities		969.7	1,032.5
Non-current liabilities			
Interest bearing loans and borrowings	8	(596.7)	(580.1)
Derivative financial instruments	9	(4.1)	(3.9)
Other non-current liabilities		(2.5)	(2.5)
		(603.3)	(586.5)
Net assets		366.4	446.0
Capital and reserves			
Issued share capital	10	52.9	52.8
Share premium account		139.1	133.9
Own shares reserve		(5.4)	(3.7)
Hedging reserve		(8.4)	(5.9)
Merger reserve		87.3	87.3
Retained earnings ¹		100.9	181.6
Total equity		366.4	446.0

1. The company has taken advantage of the exemption permitted by section 408 of the Companies Act 2006 not to publish its individual profit and loss account and related notes. The company made a loss attributable to the equity shareholders of £7.4m in the period (2017: loss £8.7m.).

The financial statements were approved by the board of directors and authorised for issue on 28 November 2018. They were signed on its behalf by:

Simon Litherland

Mathew Dunn

COMPANY STATEMENT OF CHANGES IN EQUITY

	Issued share capital £m	Share premium account £m	Own shares reserve £m	Hedging reserve £m	Merger reserve £m	Retained earnings £m	Total £m
At 2 October 2016	52.6	129.1	(3.3)	(4.2)	87.3	257.0	518.5
Loss for the year	–	–	–	–	–	(8.7)	(8.7)
Movement in cash flow hedges	–	–	–	(2.0)	–	–	(2.0)
Deferred tax in respect of cash flow hedges	–	–	–	0.3	–	–	0.3
Total comprehensive expense	–	–	–	(1.7)	–	(8.7)	(10.4)
Issue of shares	0.2	4.8	(4.4)	–	–	–	0.6
Own shares purchased for share schemes	–	–	(4.8)	–	–	–	(4.8)
Own shares utilised for share schemes	–	–	8.8	–	–	(7.9)	0.9
Movement in share based schemes	–	–	–	–	–	6.1	6.1
Payment of dividend	–	–	–	–	–	(64.9)	(64.9)
At 1 October 2017	52.8	133.9	(3.7)	(5.9)	87.3	181.6	446.0
Loss for the year	–	–	–	–	–	(7.4)	(7.4)
Movement in cash flow hedges	–	–	–	(3.0)	–	–	(3.0)
Deferred tax in respect of cash flow hedges	–	–	–	0.5	–	–	0.5
Total comprehensive expense	–	–	–	(2.5)	–	(7.4)	(9.9)
Issue of shares	0.1	5.2	(4.4)	–	–	–	0.9
Own shares purchased for share schemes	–	–	(5.2)	–	–	–	(5.2)
Own shares utilised for share schemes	–	–	7.9	–	–	(7.1)	0.8
Movement in share based schemes	–	–	–	–	–	5.5	5.5
Payment of dividend	–	–	–	–	–	(71.7)	(71.7)
At 30 September 2018	52.9	139.1	(5.4)	(8.4)	87.3	100.9	366.4

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Significant accounting policies, judgements, estimates and assumptions

Statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the provisions of the Companies Act 2006.

Basis of preparation

These financial statements are prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable UK accounting standards and present information about the company as an individual undertaking, and not about its group.

The financial statements are prepared under the historical cost convention except for the measurement of derivative instruments at fair value. The company has taken advantage of the exemption permitted by section 408 of the Companies Act 2006 not to publish its individual profit and loss account and related notes.

The financial statements are presented in GBP sterling and all values are rounded to the nearest million pounds (£ million). As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available in relation to:

- (a) the requirements of IFRS 7 'Financial Instruments: Disclosures';
- (b) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements';
- (c) the requirements of IAS 7 'Statement of Cash Flows';
- (d) the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' in relation to standards not yet effective;
- (e) the requirements of paragraphs 17 and 18A of IAS 24 'Related Party Disclosures'; and
- (f) the requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the consolidated financial statements of Britvic plc.

Significant accounting policies: use of judgement, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. There are no significant judgements and estimates relevant to these financial statements.

Foreign currency translations

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the income statement and should be read in conjunction with the information provided under Derivative financial instrument and hedging in Notes 3, 24 and 25 of the consolidated financial statements.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Investments

The company recognises its investments in subsidiaries at cost less any provisions made for impairment. The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

In respect of IFRS 2 'Share based payments', the company records an increase in its investment in subsidiaries to reflect the share-based compensation expense recorded by its subsidiaries.

Share-based payments

The cost of the equity-settled transactions with employees of other members within the group is measured by reference to the fair value at the date at which equity instruments are granted and is recognised as a capital contribution in investments in subsidiary undertakings over the vesting period, which ends on the date on which the employees become fully entitled to the award. A corresponding credit is recognised within equity. Fair value is determined by using an appropriate, widely used, valuation model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

1. Significant accounting policies, judgements, estimates and assumptions continued

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, which are readily convertible into known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the statement of cash flows, bank overdrafts repayable on demand are a component of cash and cash equivalents.

Income taxes

The current income tax is based on taxable profits for the period, after any adjustments in respect of prior periods. It is calculated using taxation rates enacted or substantively enacted by the balance sheet date and is measured at the amount expected to be recovered from or paid to the taxation authorities.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, on all material temporary differences between the tax base of assets and liabilities and their carrying values in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as probable that future taxable profits will be available against which the temporary differences can be utilised.

Financial assets

All financial assets held by the company are classified as loans and receivables. Financial assets include cash and cash equivalents, other receivables and loans. The company determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value, normally being the transaction price plus directly attributable transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets, do not qualify as trading assets and have been designated as either fair value through profit or loss or available for sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the profit and loss account when loans and receivables are derecognised or impaired.

Finance costs arising from the outstanding loan balance and finance charges are charged to the profit and loss account using an effective interest rate method.

Financial liabilities

All financial liabilities are initially recognised in the balance sheet at fair value less directly attributable transactions costs and are subsequently measured at amortised cost using the effective interest rate method.

Gain and losses arising on the repurchase, settlement or other cancellation of liabilities are recognised respectively in finance income and finance cost.

Dividends

Dividend income is recognised when the company's right to receive payment is established. Final dividends are recorded in the financial statements in the period in which they are approved by the company's shareholders. Interim dividends are recorded in the period in which they are declared.

Derivative financial instruments

The company uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. All derivative financial instruments are initially recognised and subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For those derivatives designated as hedges and for which hedge accounting is appropriate, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the profit and loss account. The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

Cash flow hedges

Hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction. For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, while the ineffective portion is recognised in the profit and loss account. Amounts previously recognised in other comprehensive income are transferred to the profit and loss account in the period in which the hedged item affects profit or loss, such as when a forecast sale occurs. However, when the forecast transaction results in the recognition of a non-financial asset or liability, the amounts previously recognised in other comprehensive income are included in the initial carrying amount of the asset or liability.

If a forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to the profit and loss account. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in equity until the forecast transaction occurs and are then transferred to the profit and loss account or included in the initial carrying amount of a non-financial asset or liability as above.

Fair value hedges

Hedges of the change in fair value of recognised assets or liabilities are classified as fair value hedges. For fair value hedges, the gain or loss on the fair value of the hedging instrument is recognised in the profit and loss account. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognised in the profit and loss account. If the hedge relationship no longer meets the criteria for hedge accounting, the hedged item would no longer be adjusted and the cumulative adjustment to its carrying amount would be amortised to the profit and loss account based on a recalculated effective interest rate. The fair value gain on loss on the hedging instrument would continue to be recorded in the profit and loss account.

Issued share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Other reserves

Share premium account

The share premium account is used to record the excess of proceeds over the nominal value on the issue of shares.

Own shares reserve

The own shares reserve is used to record purchases and issues by the company of its own shares, which will be distributed to employees as and when share awards made under the Britvic employee share plans vest.

Hedging reserve

The hedging reserve records the effective portion of movements in the fair value of forward exchange contracts, interest rate and cross currency swaps that have been designated as hedging instruments in cash flow hedges.

Merger reserve

The merger reserve arose as a result of the non pre-emptive share placement which took place on 21 May 2010. It was executed using a structure which created a merger reserve under Section 612-3 of the Companies Act 2006.

Own shares

The cost of own shares held in employee share trusts and in treasury is deducted from shareholders' equity until the shares are cancelled, reissued or disposed. Where such shares are subsequently sold or reissued, the fair value of any consideration received is also included in shareholders' equity.

New standards and interpretations not applied

See note 3 of the consolidated accounts for details of new standards and interpretations not applied.

2. Auditor's remuneration

Auditor's remuneration has been borne by another group undertaking. For further details, refer to note 7 of the consolidated financial statements.

3. Profit of the company

The company made a loss of £7.4m in the period (2017: loss £8.7m).

4. Directors' remuneration

The remuneration of the directors of the company is borne by another group company.

	2018 £m	2017 £m
Directors' emoluments	2.9	2.8
Aggregate gains made by directors on exercise of options	—	—
	2018 No.	2017 No.
Number of directors accruing benefits under defined benefit schemes	—	—

Further information relating to directors' remuneration for the 52 weeks ended 30 September 2018 is shown in the Directors remuneration report on pages 68 to 83.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

5. Investments in group undertakings

	2018 £m	2017 £m
Cost and net book value at the beginning of the period	781.4	775.0
Capital contribution	5.6	6.4
Cost and net book value at the end of the period	787.0	781.4

The list of the subsidiary undertakings of which Britvic plc is, either directly or through subsidiary companies, the beneficial owner of the whole of the equity share capital is given in note 30 of the consolidated financial statements.

6. Trade and other receivables

	2018 £m	2017 £m
Loans due from subsidiary undertakings	509.7	459.8
Other amounts due from subsidiary undertakings	–	0.9
Other receivables	–	0.9
	509.7	461.6

All of the amounts due from subsidiary undertakings are repayable on demand.

7. Trade and other payables

	2018 £m	2017 £m
Amounts due to subsidiary undertakings	71.8	71.1
Accruals and deferred income	2.1	2.2
Other creditors	0.5	–
	74.4	73.3

All of the amounts due to subsidiary undertakings are repayable on demand.

8. Interest bearing loans and borrowings

	2018 £m	2017 £m
Current		
Bank loans	58.1	22.3
Loans due to subsidiary undertakings	214.4	141.3
Private placement notes	112.9	66.3
Unamortised issue costs	(0.6)	(0.6)
Total current	384.8	229.3
Non-current		
Private placement notes	598.0	581.7
Unamortised issue costs	(1.3)	(1.6)
Total non-current	596.7	580.1

Private placement notes

The group holds loan notes with coupons and maturities as shown in the following table:

Year issued	Maturity date	Amount	Interest terms
2007	February 2019	£13m	UK£ fixed at 5.94%
2007	February 2019	\$126m	US\$ fixed at 6.00%
2009	December 2019	\$120m	US\$ fixed at 5.24%
2010	December 2020 – December 2022	\$113m	US\$ fixed at 4.04% – 4.14%
2014	February 2021 – February 2024	£35m	UK£ fixed at 3.40% – 3.92%
2014	February 2024 – February 2026	\$114m	US\$ fixed at 4.09% – 4.24%
2017	February 2025 – February 2032	£120m	UK£ fixed at 2.31% – 2.76%
2017	February 2027 – February 2032	£55m	UK£ LIBOR plus 1.32% – 1.36%
2018	June 2018 – June 2033	£65m	UK£ fixed at 2.66% – 2.88%
2018	June 2030	£20m	UK£ LIBOR plus 1.06%
2018	June 2028	€40m	€ EURIBOR plus 0.65%

The company entered into a number of cross-currency swap agreements in relation to the loan notes to manage any foreign exchange risk on interest rates or on the repayment of the principal borrowed. These swaps expire in line with the loan notes and are discussed in note 25 of the consolidated financial statements.

See note 24 of the consolidated financial statements for an analysis of the interest rate profile and the maturity of the borrowings and related interest rate swaps.

Fair values of financial assets and financial liabilities

Hierarchy

The company uses the following valuation hierarchy to determine the carrying value of financial instruments that are measured at fair value:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Unless otherwise stated, the valuation basis used to calculate fair value is level 2.

All derivatives are valued using discounted cash flow analysis using the applicable yield curve for the duration of the instruments. Forward currency contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Cross currency interest rate swaps are measured at the present value of future cash flows estimated and discounted based on quoted forward exchange rates and the applicable yield curves derived from quoted interest rates. Equity derivatives are measured using share prices and yield curves derived from quoted interest rates matching maturities of the contracts. The fair value of derivatives also includes the non-performance risk of both Britvic and its derivatives trading counterparties.

As in the prior year, the carrying value of financial assets and liabilities are considered to be reasonable approximations of their fair values, except for fixed rate borrowings.

9. Derivative financial instruments

	2018 £m	2017 £m
<i>Non-current assets: derivative financial instruments</i>		
USD GBP cross currency fixed interest rate swaps	15.2	43.5
USD GBP cross currency floating interest rate swaps	25.1	25.6
GBP euro cross currency floating interest rate swaps	–	0.5
	40.3	69.6
<i>Current assets: derivative financial instruments</i>		
USD GBP cross currency fixed interest rate swaps	33.0	7.1
USD GBP cross currency floating interest rate swaps	2.9	6.8
GBP euro cross currency floating interest rate swaps	0.4	0.5
	36.3	14.4
<i>Current liabilities: derivative financial instruments</i>		
Forward currency contracts	–	(0.2)
GBP euro cross currency fixed interest rate swaps	–	(0.9)
	–	(1.1)
<i>Non-current liabilities: derivative financial instruments</i>		
GBP euro cross currency fixed interest rate swaps	(4.1)	(3.9)
	(4.1)	(3.9)

Derivatives designated as part of hedge relationships

As at the 30 September 2018 these hedging relationships are categorised as follows:

Cash flow hedges

Cross currency interest rate swaps

The company has a number of cross currency interest rate swaps relating to the 2007, 2010 and 2014 USPP Notes. These cross currency interest rate swaps have the effect of fixing both the value of the USD borrowings into sterling and the rate of interest payable. The cross currency interest rate swaps are designated as part of a cash flow hedge relationship with the USPP Notes.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

9. Derivative financial instruments continued

Cash flow hedges continued

Cash flows due under these cross currency interest rate swaps match the interest payment dates and maturity profile of the USPP Notes. The maturity profile of the USPP Notes can be seen in note 8.

During the year the cash flow hedge has been tested for effectiveness and as a result a £0.5m loss (2017: £nil) has been recognised in the income statement in respect of ineffectiveness.

Fair value hedges

Cross currency interest rate swaps

The company has a number of cross currency interest rate swaps in respect of the 2009 and 2010 USPP Notes. These instruments swap the principal and interest from fixed rate US dollar into floating rate sterling (the '2009 and 2010 USD GBP cross currency interest rate swaps'). The cross currency interest rate swaps are designated as part of a fair value hedge relationship with the USPP Notes.

The fair value movements on the 2009 and 2010 USD GBP cross currency interest rate instruments are recorded in the income statement, with a corresponding adjustment to the carrying value of the USPP Notes where the hedge is deemed effective.

The decrease in fair value of the cross currency interest rate swaps, excluding maturities, of £0.7m (2017: £10.3m decrease) has been recognised in finance costs and offset with a similar gain on the borrowings of £0.5m (2017: £10.8m gain). The net loss of £0.2m (2017: £0.5m gain) represents the ineffective portion on the hedges of the debt.

10. Issued share capital

The issued share capital is wholly comprised of ordinary shares carrying one voting right each. The nominal value of each ordinary share is £0.20. There are no restrictions placed on the distribution of dividends, or the return of capital on a winding up or otherwise.

	No. of shares	Value £
Issued, called up and fully paid ordinary shares		
At 2 October 2016	262,871,256	52,574,251
Shares issued relating to incentive schemes for employees	925,744	185,149
At 1 October 2017	263,797,000	52,759,400
Shares issued relating to incentive schemes for employees	809,911	161,982
At 30 September 2018	264,606,911	52,921,382

Of the issued and fully paid ordinary shares, 724,335 shares (2017: 585,025 shares) are own shares held by an employee benefit trust. This equates to £144,867 (2017: £117,005) at £0.20 par value of each ordinary share. These shares are held for the purpose of satisfying the share schemes detailed in note 27 of the consolidated financial statements.

An explanation of the group's capital management process and objectives is set out in note 24 of the consolidated financial statements.

11. Dividends paid and proposed

	2018 £m	2017 £m
<i>Declared and paid during the period</i>		
Equity dividends on ordinary shares		
Final dividend for 2017: 19.3p per share (2016: 17.5p per share)	50.8	45.9
Interim dividend for 2018: 7.9p per share (2017: 7.2p per share)	20.9	19.0
Dividends paid	71.7	64.9
<i>Proposed</i>		
Final dividend for 2018: 20.3p per share (2017: 19.3p per share)	53.7	50.9

12. Contingent liabilities

The company is co-guarantor of the group's bank loan and overdraft facilities. See note 18 of the consolidated financial statements.

13. Related undertakings

In accordance with Section 409 of the Companies Act 2006, a full list of related undertakings, the country of incorporation and the percentage of share capital owned as at 30 September 2018 is disclosed in Note 30 in the consolidated financial statements.

Subsidiary undertakings are controlled by the group and their results are fully consolidated in the group's financial statements.

SHAREHOLDER INFORMATION

Shareholder profile as at 30 September 2018

Range of holdings	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
1-199	322	12.43%	19,320	0.01%
200-499	289	11.15%	93,434	0.04%
500-999	368	14.20%	256,645	0.10%
1,000-4,999	883	34.08%	1,937,976	0.73%
5,000-9,999	225	8.68%	1,532,192	0.58%
10,000-49,999	196	7.56%	4,781,044	1.81%
50,000-99,999	82	3.16%	5,855,741	2.22%
100,000-499,999	145	5.60%	36,123,780	13.69%
500,000-999,999	33	1.27%	22,302,307	8.45%
1,000,000 plus	48	1.87%	190,894,561	72.37%
	2,591	100.00%	263,797,000	100.00%

Category	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
Private individuals	1698	65.53%	4,806,451	1.82%
Nominee companies	595	22.96%	206,932,935	78.44%
Limited and public limited companies	237	9.15%	44,537,141	16.88%
Other corporate bodies	57	2.20%	7,509,515	2.85%
Pension funds, insurance companies and banks	4	0.16%	10,958	0.01%
	2,591	100.00%	263,797,000	100.00%

2018 dividends

	Payment date	Amount per share
Interim	14 July 2018	7.9p
Final	4 February 2019	20.3p

Dividend mandates

Shareholders who wish dividends to be paid directly into a bank or building society account should contact the Registrar for a dividend mandate form or the form can be downloaded from the company's website at www.britvic.com/investors/shareholder-centre/dividends

This method of payment removes the risk of delay or loss of dividend cheques in the post and ensures that your account is credited on the due date.

Dividend reinvestment plan ('DRIP')

Shareholders can choose to reinvest dividends received to purchase further shares in the company through the company's DRIP. A DRIP application form is available via the Registrar or to download from the company's website at www.britvic.com/investors/shareholder-centre/dividends.

Share dealing services

The company's Registrar, Equiniti Financial Services Limited, offers a telephone and internet dealing service, Shareview, which provides a simple and convenient way of buying and selling shares. For telephone dealings call 03456 037 037 between 8.00am and 4.30pm, Monday to Friday, and for internet dealings log onto www.shareview.co.uk/dealing.

Individual savings accounts (ISAs)

ISAs in Britvic plc ordinary shares are available through Equiniti Financial Services Limited. Further information may be obtained through their ISA Helpline, telephone 0345 300 0430.

SHAREHOLDER INFORMATION CONTINUED

American Depositary Receipts ('ADR's)

Britvic American Depositary Receipts are traded on the Over The Counter ('OTC') market under the symbol BTVCY. One ADR represents two Britvic plc ordinary shares. This is a sponsored Level 1 ADR programme for which the Bank of New York Mellon acts as both Depositary Bank and Registrar. For the issuance and management of ADRs and any general ADR questions, please contact:

BNY Mellon Shareowner Services
PO Box 505000
Louisville
KY 40233-5000
USA

Direct mailing for overnight packages:

BNY Mellon Shareowner Services
462 South 4th Street
Suite 1600
Louisville
KY 40202
USA

Investor Helpline: +1-888-BNY-ADRs (USA caller, toll free)
+1-201-680-6825 (non-USA caller)

Email: shrrelations@cpushareownerservices.com

Website: www.mybnymdr.com

Warning to shareholders – boiler room fraud and other investment scams

Share or investment scams are often run from 'boiler rooms' where fraudsters cold-call investors offering them worthless, overpriced or even non-existent shares, or offer to buy their shares in a company at a higher price than the market value. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount, or offers of free reports about the company. Even seasoned investors have been caught out by such fraudsters and it is estimated that £200m is lost in this way in the UK each year.

The FCA has some helpful information about such scams on its website, including tips to protect your savings and how to report a suspected investment scam. Britvic encourages shareholders to read the information on the site, which can be accessed at www.fca.org.uk/consumers/scams/investment-scams.

Financial calendar

Ex-dividend date	6 December 2018
Record date	7 December 2018
Annual general meeting	31 January 2019
Payment of final dividend	4 February 2019
Interim results announcement	22 May 2019 (provisional date)

Electronic communications

Shareholders can elect to receive shareholder documents electronically by registering with Shareview at www.shareview.co.uk. This will save on printing and distribution costs, creating environmental benefits. When you register, you will be sent an email notification to say when shareholder documents are available on our website and you will be provided with a link to that information. When registering, you will need your shareholder reference number which can be found on your share certificate or proxy form. Please contact Equiniti if you require any assistance or further information.

Contacts

The Company Secretary is Jonathan Adelman. The registered office is Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire HP2 4TZ, telephone +44 (0)1442 284411, fax +44 (0)1442 284402, website www.britvic.com

Shareholder inquiries to the Company Secretary may also be submitted to company.secretariat@britvic.com

Investor Relations enquiries may be submitted to: investors@britvic.com

This report is available to download via the company's website www.britvic.com/annualreport.

The company's Registrar is Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, telephone +44 371 384 2550* (UK callers), +44 121 415 7019 (non-UK callers).

* For those with hearing difficulties, a textphone is available on 0371 384 2255 for UK callers with compatible equipment.

GLOSSARY

Non-GAAP measures are provided because they are closely tracked by management to evaluate Britvic's operating performance and to make financial, strategic and operating decisions.

Volume is defined as number of litres sold, excluding factored brands sold by Counterpoint in Ireland. No volume is recorded in respect of international concentrate sales.

AER refers to Actual Exchange Rate where variances are calculated on sterling values translated at actual exchange rates.

ARP is defined as average revenue per litre sold, excluding factored brands and concentrate sales.

Revenue is defined as sales achieved by the group net of price promotional investment and retailer discounts.

Brand contribution is a non-GAAP measure and is defined as revenue less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product. Such costs include brand specific advertising and promotion costs, raw materials, and marginal production and distribution costs.

Brand contribution margin is a non-GAAP measure and is a percentage measure calculated as brand contribution, divided by revenue. Each business unit's performance is reported down to the brand contribution level.

EBITDA is earnings before interest, taxation, depreciation and amortisation.

Adjusted EBITDA is a non-GAAP measure defined as operating profit before adjusting items, depreciation, amortisation, impairment of PPE/intangible assets and profit/loss from sale of PPE/intangible assets.

Adjusted EBIT is a non-GAAP measure and is defined as operating profit before adjusting items. EBIT margin is EBIT as a proportion of group revenue.

Adjusted profit after tax is a non-GAAP measure and is defined as profit after tax before adjusting items, with the exception of acquisition related amortisation.

Adjusted earnings per share is a non-GAAP measure calculated by dividing adjusted earnings by the average number of shares during the period. Adjusted earnings is defined as the profit/(loss) attributable to ordinary equity shareholders before adjusting items. Average number of shares during the period is defined as the weighted average number of ordinary shares outstanding during the period excluding any own shares held by Britvic that are used to satisfy various employee share-based incentive programmes. The weighted average number of ordinary shares in issue for adjusted earnings per share for the period was 263.7m (2017: 263.0m).

Adjusted free cash flow is a non-GAAP measure and is defined as net cash flow excluding movements in borrowings, dividend payments and adjusting items.

Adjusted net debt is a non-GAAP measure and is defined as group net debt, adding back the impact of derivatives hedging the balance sheet debt.

Organic is a non-GAAP measure and excludes the impact of the acquisition of Bela Ischia and on a constant currency basis. In GB and Ireland organic also excludes the Soft Drinks Industry Levy (SDIL) and Sugar Sweetened Soft Drinks Tax (SSDT).

Innovation is defined as new launches over the last three years, excluding new flavours and pack sizes of established brands.

Revenue management is a measure and is used to define a range of actions to affect ARP. It includes, but is not limited to, price increases, changes to price promotions and variation of pack size.

Quality distribution is a measure used to describe the placement of products in the appropriate outlets for the specified product.

Retail market value and volume is a measure and is a measure of the recorded sales at the retail point of purchase. This data is typically collated by independent organisations such as Nielsen and IRI from data supplied by retailers.

A&P is a measure of marketing spend including marketing, research and advertising.

Non-working A&P is a measure of marketing spend that is not spent directly on consumer facing activity. It would include, but not limited to, agency fees, research and production costs.

Constant exchange rate is a non-GAAP measure of performance in the underlying currency to eliminate the impact of foreign exchange movements.

Great Place to Work (GPTW) is a methodology process adopted by businesses to measure employee engagement.

Soft Drinks Industry Levy (SDIL) is a levy applied on soft drinks manufacturers in the UK.

Sugar Sweetened Soft Drinks Tax (SSDT) is a levy applied on soft drinks manufacturers in the Republic of Ireland.

Business Capability Programme (BCP) relates to a restructuring of supply chain and operating model to enhance commercial capabilities in the Group, including the closure of the Norwich site.

CAGR is compound annual growth rate.

NON-GAAP RECONCILIATIONS

Adjusting items

The group includes adjusting items which are charges and credits included in the financial statements that are disclosed separately because it considers such disclosures allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess trends in financial performance more readily.

The adjusting items include those items of income and expense which, because of the size, nature or infrequency of the events giving rise to them, merit separate presentation.

Adjusting items include fair value movements on financial instruments where hedge accounting cannot be applied on future transactions and also where hedge ineffectiveness is recognised. These items have been included within adjusting items because they are non-cash and do not form part of how management assess performance.

In the current period acquisition related amortisation has been included within adjusting items in order to simplify the group's financial reporting. This has resulted in adjusted EBIT replacing adjusted EBITA as one of the group's KPIs. This however in practice has no impact on the amounts reported due to the reclassification of acquisition related amortisation.

Adjusted profit before tax is defined as profit before tax before adjusting items, with the exception of acquisition related amortisation.

Pre-tax adjusting items before acquisition related amortisation is £29.4m (2017: £25.9m).

	Notes	52 weeks ended 30 September 2018 £m	52 weeks ended 1 October 2017 Restated £m
Strategic restructuring – business capability programme	(a)	(40.3)	(24.7)
Reversal of impairments of trademarks	(b)	11.5	9.2
Impairments of trademarks	(b)	–	(6.6)
Costs in relation to the acquisition and integration of subsidiaries	(c)	–	(3.7)
Net gain on sale of properties	(d)	–	0.3
Costs in relation to the closure of operations		–	(0.2)
Fair value movements	(e)	(0.1)	3.9
Acquisition related amortisation	(f)	(11.0)	(10.7)
Total included in operating profit		(39.9)	(32.5)
Fair value movements	(e)	–	1.1
Total included in finance income		–	1.1
Fair value movements	(e)	(0.5)	–
Unwind of discount on deferred consideration	(g)	–	(4.9)
Finance costs in relation to the acquisition and integration of subsidiaries	(h)	–	(0.3)
Total included in finance costs		(0.5)	(5.2)
Total included in net finance costs		(0.5)	(4.1)
Tax on adjusting items included in profit before tax		6.9	4.1
Impact of change on France tax rate on deferred tax relating to acquisition fair value adjustments		2.2	5.0
Total included in taxation		9.1	9.1
Net adjusting items		(31.3)	(27.5)

a. Strategic restructuring – business capability programme relates to a restructuring of supply chain and operating model to enhance commercial capabilities in Britvic GB, Ireland, France and Brazil including the closure of the Norwich site. Primarily these costs relate to employee costs, advisors fees and dual running supply chain costs.

b. Net reversal of impairments of trademarks – In the current year this relates to a further reversal of impairment in the Ballygowan trademark. In the prior year this comprised of a reversal of impairment in the Ballygowan trademark of £9.2m offset by an impairment in the Britvic brand in Ireland of £2.2m and an impairment in the Fruite brand in France of £4.4m.

c. Costs primarily relating to the acquisition and integration of Bela Ischia Alimentos Ltda (Bela Ischia) offset by the release of provisions for Empresa Brasileira de Bebidas e Alimentos SA (Ebba).

d. The net gain on sale of properties relates to various properties sold during the prior period in Britvic Ireland and Britvic France.

e. Fair value movements relate to the fair value movement of derivative financial instruments where either hedge accounting cannot be applied to future transactions or where there is ineffectiveness in the hedge relationship including gains on FX forwards taken out as part of cash management for expected future payments in relation to the deferred consideration of the purchase of Ebba.

f. Acquisition related amortisation – relates to the amortisation of intangibles recognised on the acquisitions in Ireland, France and Brazil.

g. The final tranche of deferred consideration for Ebba was paid on 2 October 2017. This amount had been included on acquisition discounted to net present value. This represents the unwind of this discount until October 2017.

h. These costs relate to tax on funds injected into Brazil in the prior year.

Adjusted profit

	52 weeks ended 30 September 2018 £m	52 weeks ended 1 October 2017 £m
Operating profit as reported	166.1	163.0
Add back adjusting items in operating profit	39.9	32.5
Adjusted EBIT	206.0	195.5
Acquisition related amortisation	(11.0)	(10.7)
Net finance costs	(20.3)	(24.2)
Add back adjusting net finance costs	0.5	4.1
Adjusted profit before tax	175.2	164.7
Taxation	(28.7)	(27.2)
Less adjusting tax credit	(9.1)	(9.1)
Adjusted profit after tax	137.4	128.4
Adjusted effective tax rate	21.6%	22.0%

Earnings per share

	2018 £m	2017 £m
Adjusted basic earnings per share		
Profit for the period attributable to equity shareholders	117.1	111.6
Add: Net impact of adjusting items	31.3	27.5
	148.4	139.1
Weighted average number of ordinary shares in issue for basic earnings per share	263.7	263.0
Adjusted basic earnings per share	56.3p	52.9p
Adjusted diluted earnings per share		
Profit for the period attributable to equity shareholders before adjusting items and acquisition related intangible assets amortisation	148.4	139.1
Weighted average number of ordinary shares in issue for diluted earnings per share	265.4	264.3
Adjusted diluted earnings per share	55.9p	52.6p

Like-for-like

	Revenue £m	Adjusted EBIT £m
2017		
52-week period ended 1 October 2017, as reported	1,430.5	195.5
Adjust for FX	(10.2)	1.3
52-week period ended 1 October 2017 @ constant currency	1,420.3	196.8
2018		
52-week period ended 30 September 2018, as reported	1,503.6	206.0
Bela Ischia to 2 March 2018 (anniversary of acquisition)	(12.2)	(1.4)
Soft Drinks Levy	(33.2)	–
2018 “like for like” with 2017	1,458.2	204.6

NON-GAAP RECONCILIATIONS CONTINUED

Other costs

	52 weeks ended 1 October 2017 IFRS 15 restated £m	Expense reclass* £m	52 weeks ended 1 October 2017 Adjusted £m
Non-brand advertising & promotion	(10.1)	–	(10.1)
Fixed supply chain	(105.1)	6.5	(98.6)
Selling costs	(81.7)	1.3	(80.4)
Overheads and other costs	(115.6)	(7.8)	(123.4)
Total	(312.5)	–	(312.5)

* Certain expenses have been reclassified for reporting purposes to better reflect the nature of these costs following a group restructuring

Free cash flow

	52 weeks ended 30 September 2018 £m	52 weeks ended 1 October 2017 £m
Adjusted EBIT	206.0	195.5
Depreciation	44.8	40.3
Amortisation (non-acquisition related)	7.4	8.3
Adjusted loss on disposal of PPE	1.4	2.0
Adjusted EBITDA	259.6	246.1
Adjusted working capital movements	15.5	26.0
Purchases of intangible and tangible assets	(143.5)	(146.7)
Net pension charge less contributions	(22.1)	(22.1)
Net interest and finance costs	(19.0)	(19.5)
Adjusted income tax paid	(28.1)	(31.7)
Share based payments	5.6	6.3
Issue of shares	1.0	0.7
Purchase of own shares	(3.1)	(5.3)
Other	(0.9)	0.7
Adjusted free cash flow	65.0	54.5

NOTES



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