

Carlsberg Group's recommended offer for Britvic plc



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Britvic acquisition - compelling strategic, operational and financial rationale

Strategically and operationally attractive for the Carlsberg Group

- ✓ Supporting the 4-6% revenue and higher operating profit growth ambitions of the Carlsberg Group's Accelerate SAIL strategy
- ✓ Enhancing Carlsberg's top and bottom line growth profile in Western Europe, and transforming the level of free cash flow generated by the region
- ✓ Strengthening Carlsberg's long-standing close partnership with Pepsi, becoming Pepsi's largest bottling partner in Europe and one of its key bottling partners worldwide
- ✓ Creating a highly synergistic, wholly-owned integrated company in the UK with a comprehensive portfolio of beer and soft drinks brands
 - Accelerating revenue growth through increased sales and marketing investments and market share gains in growing profit pools
 - Additional operating profit growth from cost synergies

Compelling value creation for Carlsberg's shareholders

- ✓ Mid-single digit adj. EPS accretion in year 1 and double-digit in year 2
- ✓ Substantial cost synergies of GBP 100m
- ✓ Margin accretive for Group post realisation of synergies
- ✓ ROIC exceeds WACC of 7% in year 3
- ✓ 100% debt financed
- ✓ Continued commitment to investment grade rating
- ✓ Stable and attractive hard currency cash flows and growth prospects from well performing assets in low-risk region
- ✓ Solid cash flows supporting deleveraging to NIBD/EBITDA of 2.5x during 2027
- ✓ High-quality and experienced management teams and shared organisational cultures
 - Strong track record in operating integrated beer and soft drinks businesses

Agenda

Overview of transaction

Strong operational experience in creating value combining beer and soft drinks

Britvic – a well-run business in an attractive market

Diversifying portfolio supporting long-term growth ambitions

Substantial cost synergies driven by strong execution capabilities

Value-enhancing transaction for Carlsberg shareholders

Conclusion

Summary of transaction details

Offer consideration

- GBP 3.3bn for Britvic's equity, and a total GBP 4.1bn enterprise value (including debt)
- Implied EV/EBITDA of 13.6x (LTM H1 2024)
 - Including GBP 100m synergies, implied EV/EBITDA of 10.2x (LTM H1 2024)
- Implied P/E of 20.1x (LTM H1 2024)
 - Including post tax effect of GBP 100m synergies (assuming a 25% tax rate), implied P/E of 13.8x (LTM H1 2024)

Financing & leverage

- 100% debt funded, bridge financing underwritten by BNP Paribas, Danske Bank and Skandinaviska Enskilda Banken
- Pro-forma NIBD/EBITDA of c. 3.5x
- Aiming for NIDB/EBITDA at 2.5x during 2027 (updated target)
- Carlsberg to maintain its commitment to investment grade rating

Financial impact

- GBP 100m cost synergies: GBP 80m to be realised by end of year 3 and remaining GBP 20m by end of year 5
- Margin accretive in year 3
- Mid-single-dig adj. EPS accretive in year 1, double-digit accretion already in year 2
- ROIC to exceed WACC in year 3 with further increase in the following years

Approvals & closing

- Full support of PepsiCo: has agreed to waive the change of control clause in its bottling arrangements with Britvic. Waiver to come into effect on completion of the acquisition
- Approval by Britvic shareholders via UK scheme of arrangement court hearing and sanction
- Regulatory clearances, including UK CMA and EU
- Closing expected in Q1 2025

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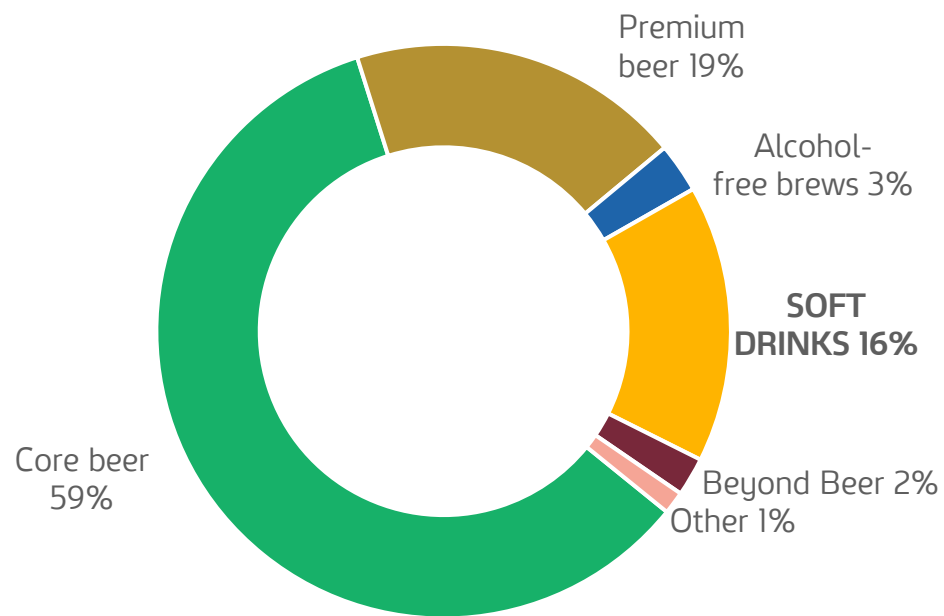
Substantial cost synergies driven by strong execution capabilities

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Today, an attractive and synergistic portfolio of soft drinks accounts for around 16% of total Group volumes

VOLUME SPLIT
Carlsberg Group (2023)



CARBONATES¹

OWN BRANDS



PARTNER BRANDS



ENERGY DRINKS¹

OWN BRANDS



PARTNER BRANDS



WATER¹

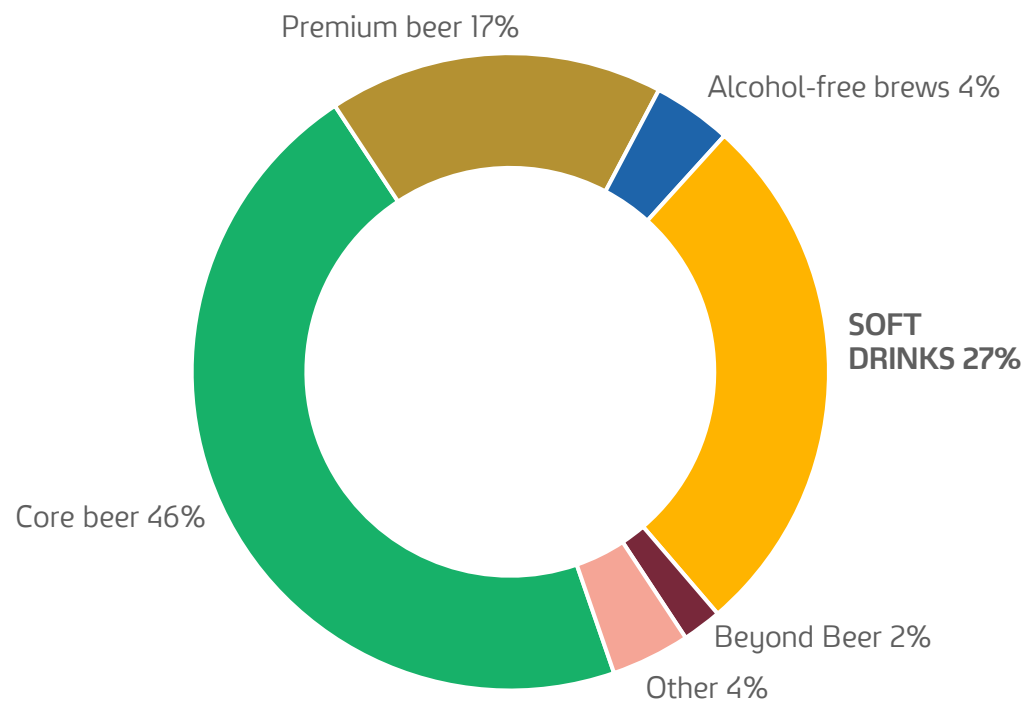
OWN BRANDS



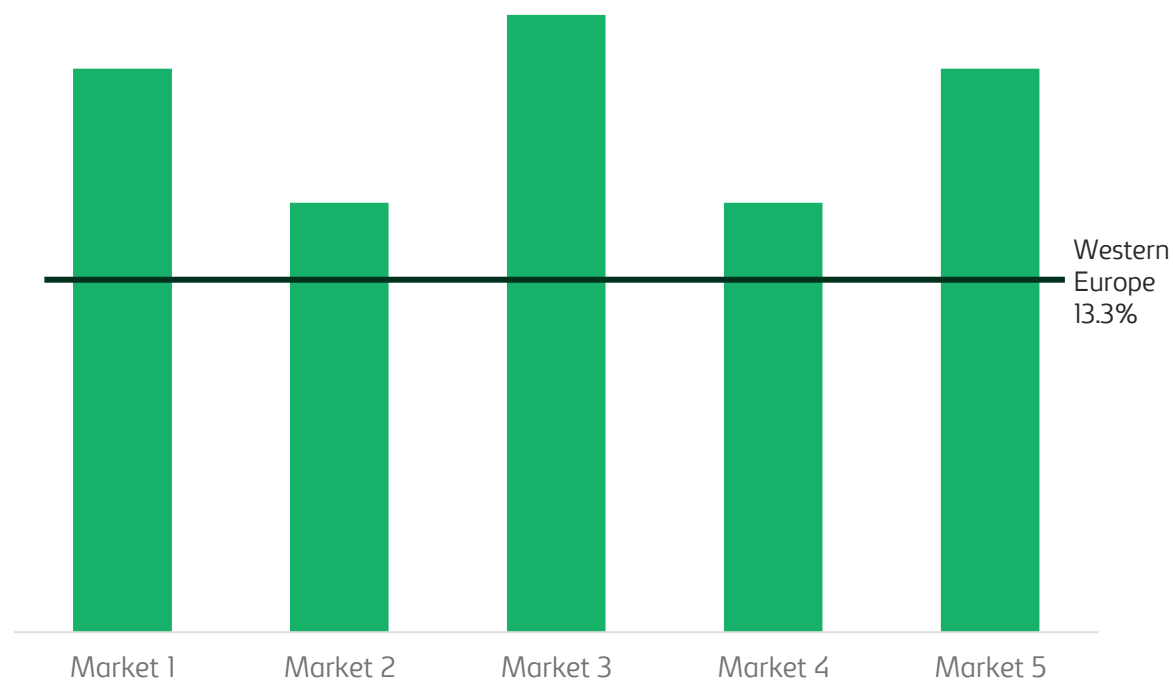
Source: Carlsberg internal data ¹ Selected brands

Soft drinks is an important part of Western Europe, supporting growth and margins in multiple markets

VOLUME SPLIT
Western Europe (2023)



OPERATING MARGIN
markets with combined beer and soft drinks



Source: Carlsberg internal data

Soft drinks are highly synergistic with beer throughout the business value chain

Long-term synergies
 ● Low ● Mid ● High

Bottling value chain



Achievable synergies



Our experience



Integrated back-office, reducing fixed overheads as % of revenue.

- ✓ Joint procurement: PET and aluminum cans.
- ✓ Beer and CSDs running on same lines.
- ✓ Shared warehousing, picking, bigger drop sizes, and delivery to improve scale.
- ✓ Integrated modern off-trade sales: Increased negotiation strength, cooler penetration and field sales
- ✓ Integrated traditional trade sales: Increased customer number and spend when becoming a one-stop shop

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Britvic at a glance: a leading soft drinks and dilutable business in Europe

Founded: 1938

Employees: c. 4,430 employees

Headquarters: Hemel Hempstead, UK

Listed: London Stock Exchange, FTSE250

#2 soft drinks provider in the UK and Ireland

Pepsi bottler in the UK and Ireland

- Pepsi brands accounting for c. 50% of revenue
 - UK: Pepsi brands c. 65%; own brands c. 35%
 - Ireland: Pepsi brands c. 40%; own brands c. 60%
- c. 30% Pepsi Max market share in UK cola
- Attractive growth opportunities with Lipton Ice Tea and other brands

Strong own brands

- Market leader in UK dilutables with Robinson's, in France with Teisseire and in Brazil with Maguary
- Fast growing iconic Tango carbonated soft drinks brand in the UK
- Leading Ballygowan water brand in Ireland

BRITVIC SELECTED KEY BRANDS

Carbonates						
Fruit juices & syrups						
Waters & teas						
Others						

Licensed brands from Pepsi

Leading brands with strong no. 1 or 2 positions in multiple segments and markets

UK



IRELAND



FRANCE



BRAZIL



Licensed brands from Pepsi



Strong financial and cash generative performance

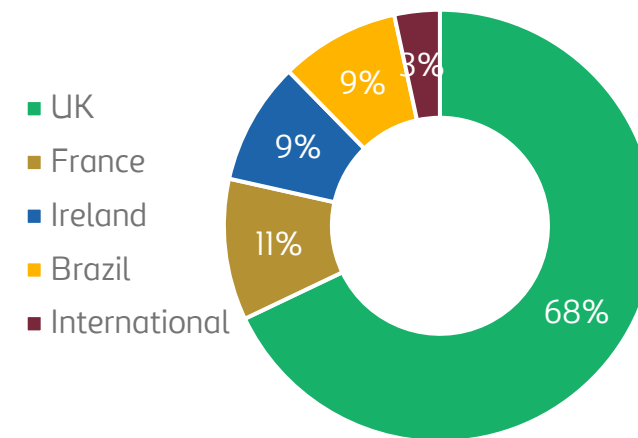
+6.6%

Organic revenue growth 2023

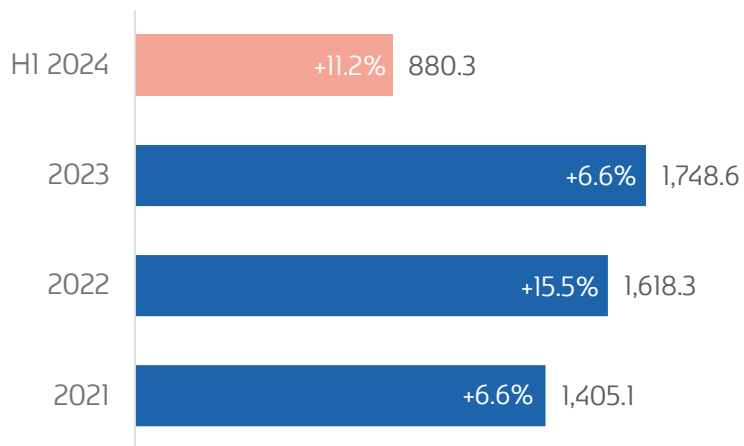
+5.9%

Organic adjusted EBIT growth 2023

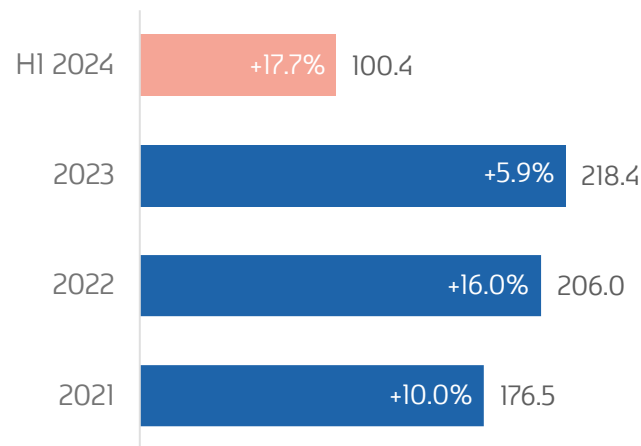
REVENUE SPLIT (2023)



REVENUE
GBPm, organic growth %



ADJ. EBIT
GBPm, organic growth %



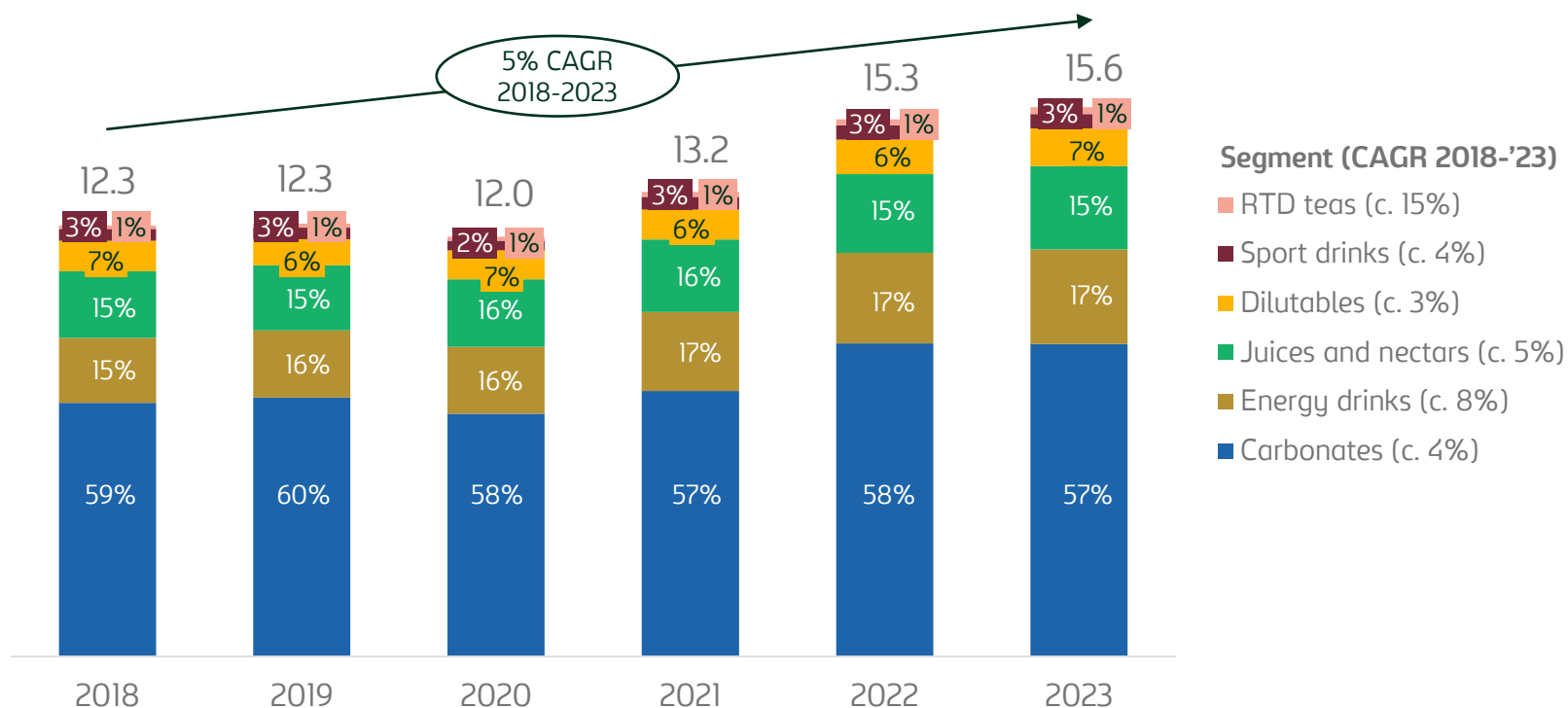
FREE CASH FLOW
GBPm



Source: Britvic annual reporting

Britvic's top-line growth algorithm supported by strong brand positions in multiple segments in growing categories

UK RETAIL SALES VALUE (GBPbn)



Consistent value growth in all soft drinks segments

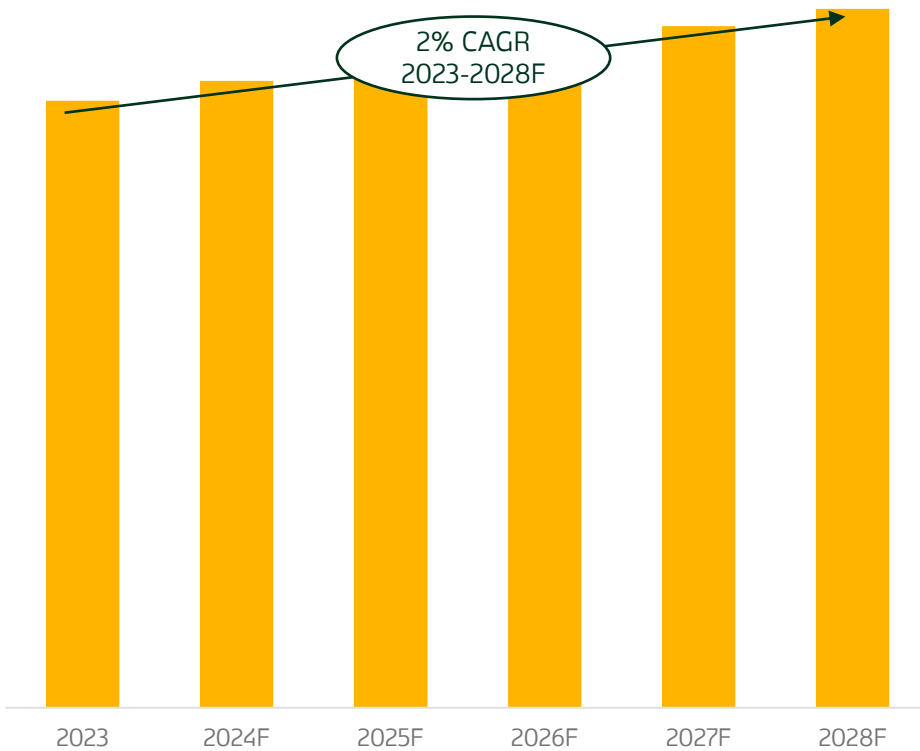
Carbonates the most significant category, three times larger than energy drinks and in consistent growth

BRITVIC

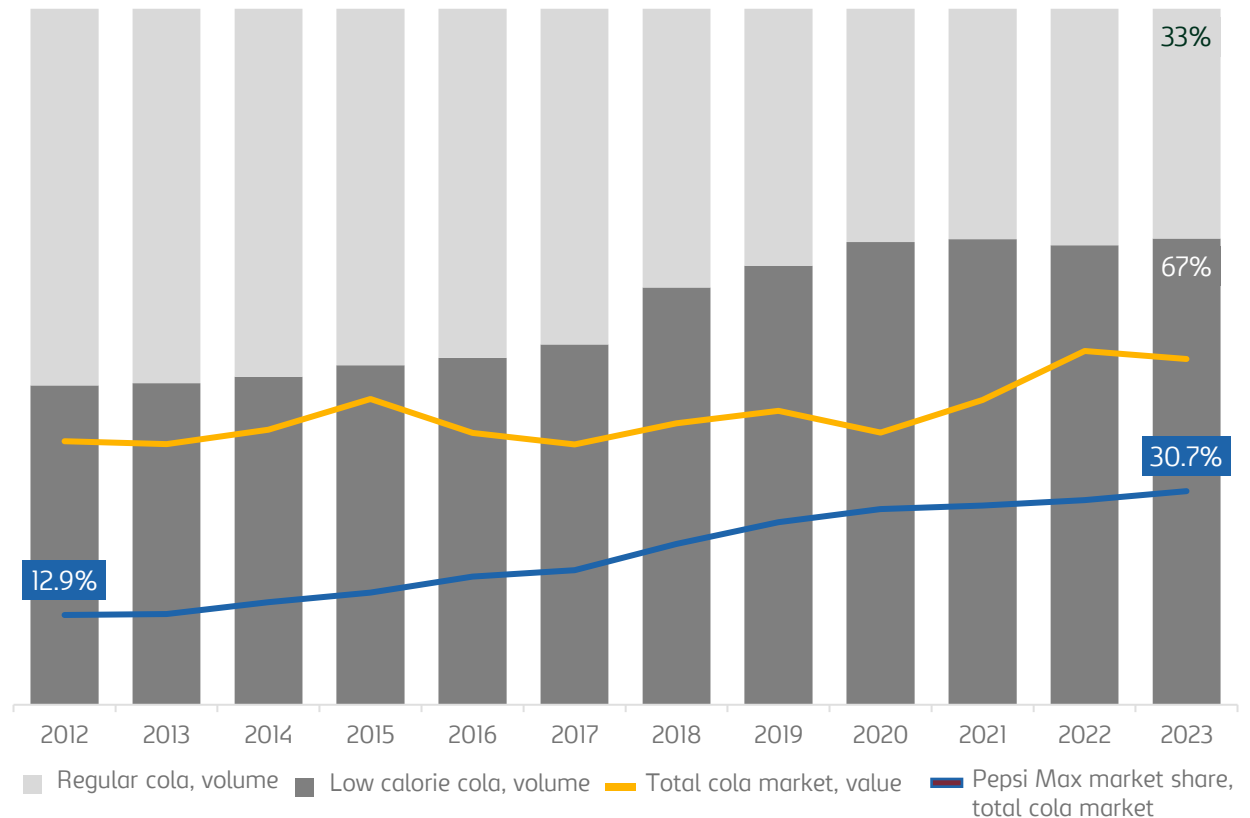
- ✓ Strong and improving market position in **carbonates**
- ✓ #1 position in **dilutables** and #1 brand (Robinson's)
- ✓ Positively exposed to fast-growing **RTD tea** segment with market-leading brand (Lipton)

Appealing volume and value growth prospects in the UK, supported by a growing low calorie cola market and strong Pepsi Max performance

UK SOFT DRINKS MARKET, volume



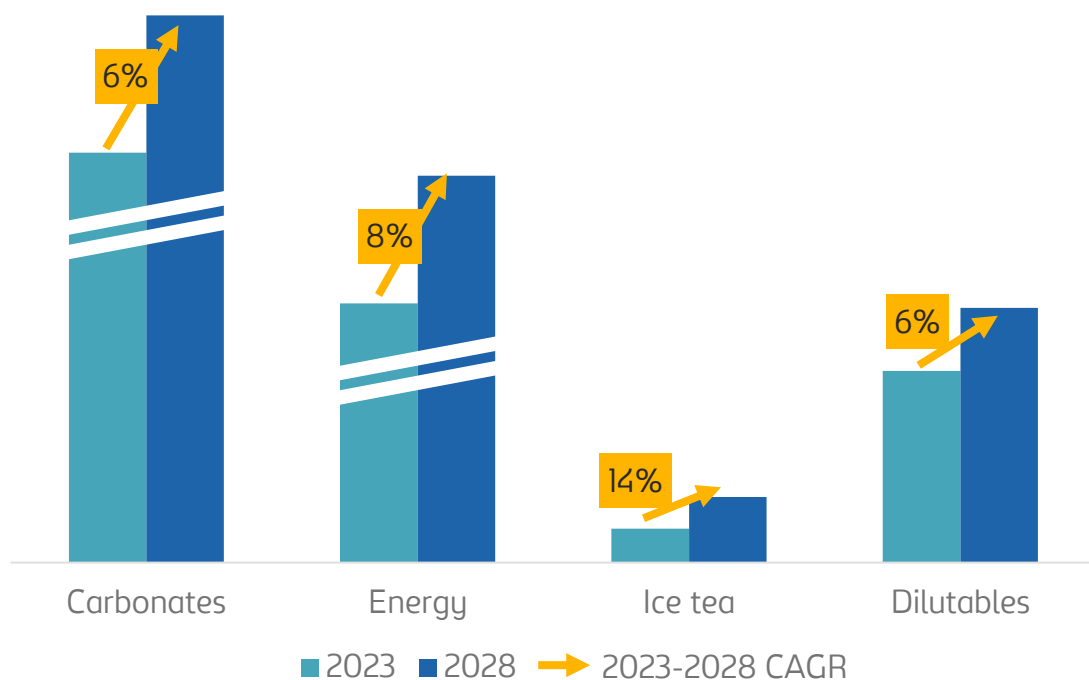
UK COLA MARKET



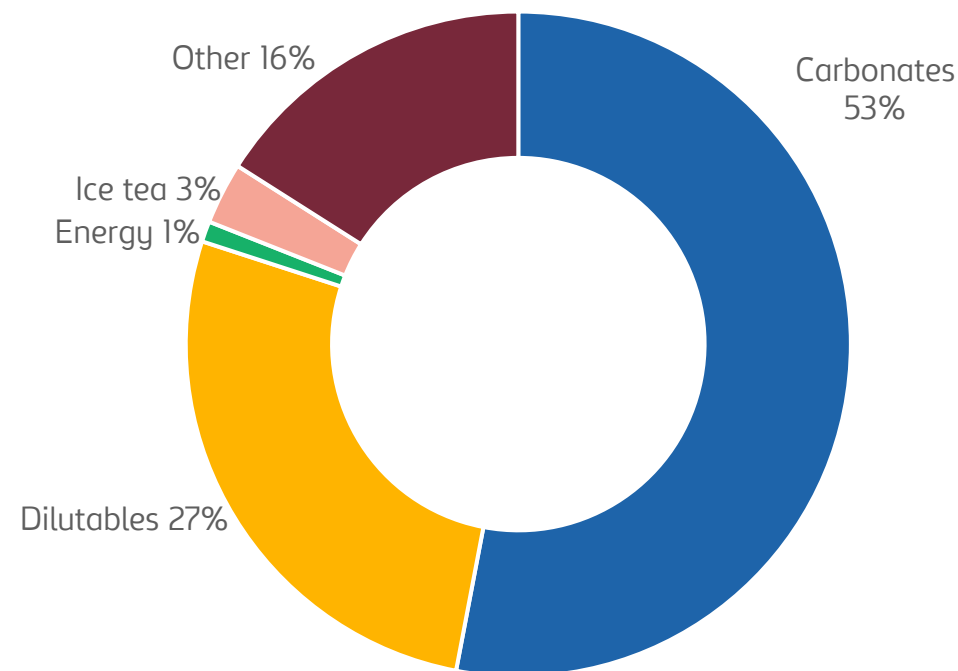
Source: Global data, Nielsen Retail

Attractive top-line growth opportunities supported by continued strong value growth expected in key segments

UK AND IRELAND, MARKET VALUE GROWTH



BRITVIC VALUE SPLIT, RETAIL



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Transformative combination for Carlsberg UK and Britvic supporting enhanced future growth

- ✓ Create a single, integrated company in the UK
- ✓ Be the leading producer and supplier in the UK to offer both beer and soft drinks
- ✓ Provide customers with a comprehensive portfolio of strong brands and leading customer service
- ✓ Highly efficient combined supply chain and network chain
- ✓ Separate agreement for Carlsberg to acquire Marston's minority stake in Carlsberg Marston's Brewing Company
 - Carlsberg will become sole owner of combined company: Carlsberg Britvic
 - Marston's will remain an important partner for the new business, with a long-term brand distribution and logistics agreement

- ✓ Clear plan to accelerate commercial and supply chain investments
 - Increasing marketing investments
 - Expanding sales force
 - Improving supply chain capabilities



- ✓ Accelerating the future growth trajectory for the benefit of all stakeholders
 - Driving brands and categories with existing momentum
 - Leveraging cross-selling between beer and soft drinks
 - Expanding distribution reach for growth categories
 - Diversifying into new categories

Driving growth in categories outside beer by adding leading brands to the Group's existing platform

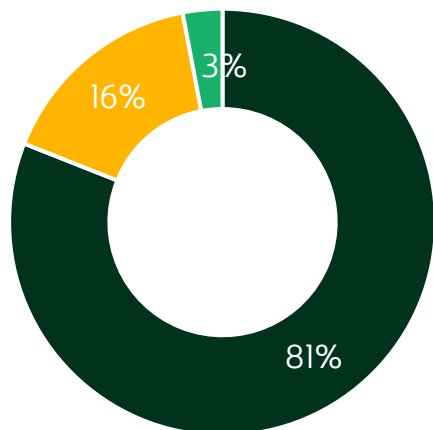
Doubling the Carlsberg Group's current exposure to **soft drinks**

Diversifying the Carlsberg Group's portfolio into categories with **proven growth prospects**

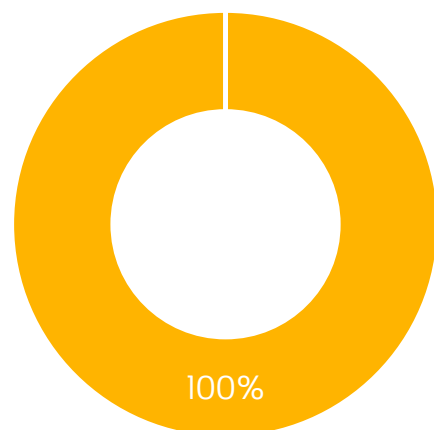
Supporting Accelerate SAIL 4-6% revenue **growth ambitions**

PORTFOLIO SPLIT, volume

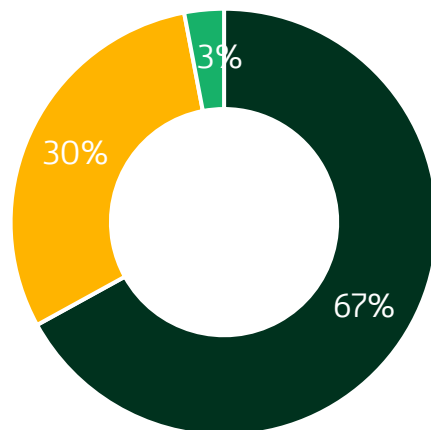
Carlsberg Group



Britvic



Combined company



- Beer
- Soft drinks
- Beyond Beer and other



Strengthen Carlsberg's Western Europe footprint with a growing cash generative business

Increasing Carlsberg's **exposure** to **stable** and **attractive** cash flows and value growth prospects

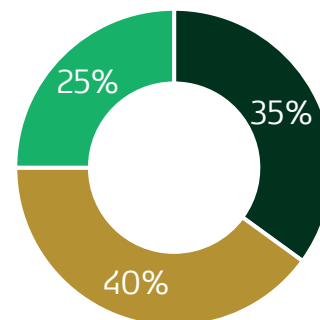
Increasing Carlsberg's **volume exposure** to **Western Europe** from 35% to c. 43%

Improving the long-term revenue and operating profit growth opportunities in the region

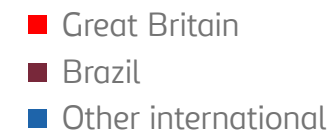
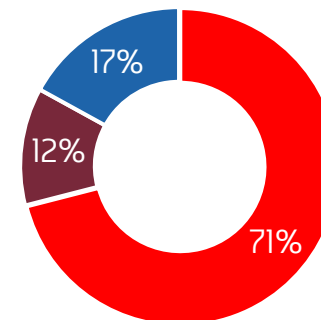
Margin enhancing for region, and for Group after full realisation of synergies

TOTAL VOLUME

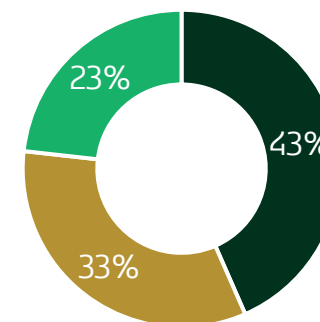
Carlsberg



Britvic



Combined company¹



¹ 2023; indicative and preliminary figures. Brazil included in CEE&I.

Becoming the largest PepsiCo bottling partner in Europe

Well-established commercial partnership with PepsiCo for more than 25 years

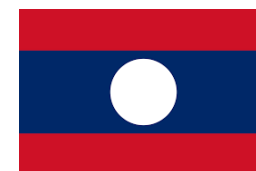
Transaction expands number of markets with PepsiCo partnership from five to seven

Endorsement from PepsiCo for proposed transaction

Agreed certain terms in respect of **bottling arrangements for Britvic** that will come into force on completion

More geographies potentially to be added in the coming years

CARLSBERG



BRITVIC



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Significant tangible cost synergies and expected revenue synergies over time

COST SYNERGIES AND EFFICIENCY OPPORTUNITIES

Total GBP 100m (c. 6% of Britvic revenue) with GBP 80m to be fully realised by end of year 3 and the remaining GBP 20m by end of year 5

- Procurement
- Supply chain
- Administration and overheads

One-off cash costs to achieve savings of around GBP 83m

ADDITIONAL REVENUE SYNERGIES

- **Combined sales network** in the UK and France
- **Leveraging enhanced portfolio**, being the **leading supplier** in the UK to offer both beer and soft drinks
- **Expanded distribution** of Britvic brands leveraging Carlsberg's international sales and distribution network
- **Acceleration plan** for Britvic will be initiated aiming at further accelerating revenue growth

OPERATING MARGIN

Margin accretive for region and Group post realisation of synergies



Experienced teams and shared values

25+ years of experience in combining **beer and soft drink portfolios** in the Nordics and in Asia

- Consistent delivery of **top and bottom line synergies**

Carlsberg to create a **single integrated company** in the UK with a **shared culture and values**

- **Shared purpose** to deliver a better tomorrow
- **Strong alignment** on bringing people together through their products

Carlsberg to become **100% owner** of Carlsberg Britvic following acquisition of Marston's 40% minority stake in CMBC

Combined company to be led by **highly experienced executive management team** drawn from both Carlsberg and Britvic



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Attractive value creation for shareholders

ADJUSTED EPS

YEAR 1: Mid-single-digit accretive

- ✓ Operating profit contribution from consolidation of Britvic
- ✓ Additional sales and marketing investments in Britvic business
- ✓ Assuming only cost synergies, no sales benefits
- ✓ Debt financing at coupon of c. 4%
- ✓ Full ownership of Carlsberg UK reducing non-controlling interests

YEAR 2: Double-digit accretive

- ✓ As additional cost synergies materialise
- ✓ No sales benefits assumed

ROIC

YEAR 3: Expected to exceed 7% WACC

- ✓ Full delivery of GBP 80m cost synergies
- ✓ No sales benefits assumed

Strong focus on quick and seamless integration and synergy delivery to the benefit of Carlsberg's shareholders

Commitment to conservative capital allocation principles

PRINCIPLE	MAINTAINED	REVISED
1 Invest in our business to drive long-term sustainable growth	√	
2 NIBD/EBITDA below 2.5x		√
3 Pay-out ratio of around 50% of adjusted net profit	√	
4 Distributing excess cash to shareholders through share buy-backs and/or extraordinary dividends	√	
5 Value-enhancing M&A	√	

Updated leverage target in the light of

- Higher cash flow from stable Western Europe region
- No exposure to Russia

Commitment to **investment grade rating**



Clear timeline for deleveraging

Carlsberg **pro-forma net interest-bearing debt** includes

- Existing net interest-bearing debt of Carlsberg
- All payments required to acquire Britvic
- A payment of GBP 206m to buy out Marston's 40% shareholding in Carlsberg Marston's Brewing Company

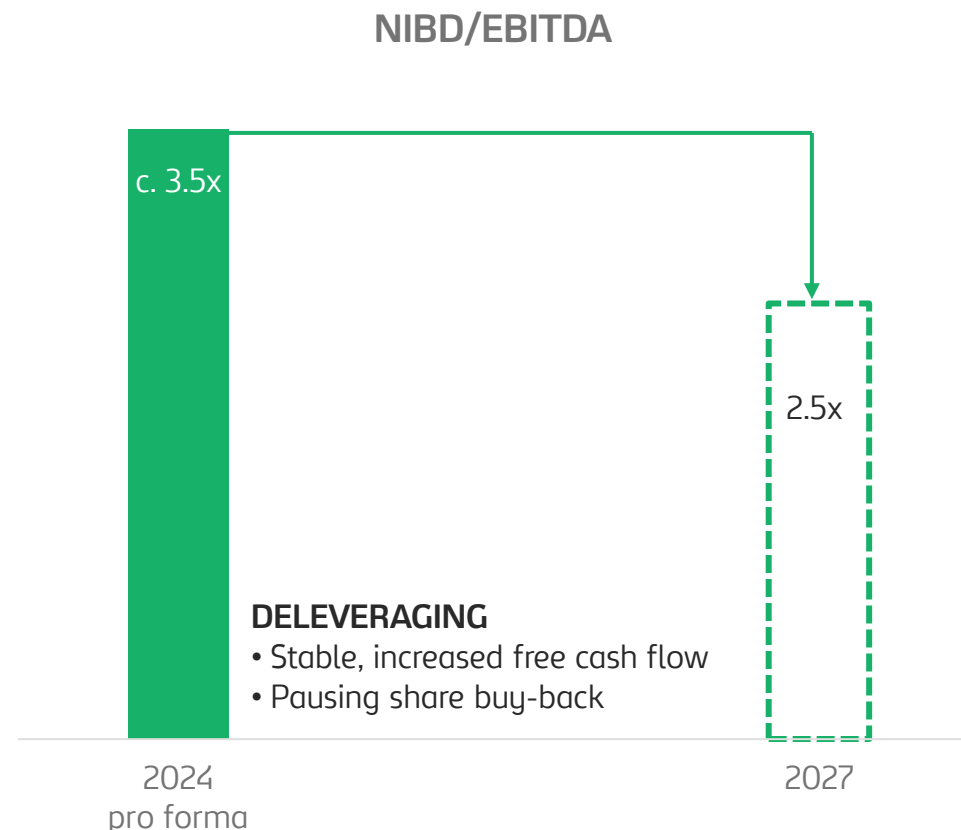
Focus on **fast deleveraging** post transaction

- Post transaction pro-forma NIBD/EBITDA at c. 3.5x
- Targeting NIBD/EBITDA of 2.5x during 2027

Deleveraging driven by

- Increased free cash flow from operations
- Share buy-back cancelled as of today

Share buy-back to resume when revised leverage target 2.5x is reached



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In conclusion ...

- 1** Britvic – an attractive, growing business and highly complementary to our operations in Western Europe
- 2** Significant total cost synergies of GBP 100m
- 3** Accelerating growth prospects supported by increased investments in sales and marketing
- 4** Value accretive acquisition for Carlsberg's shareholders
- 5** Strengthening long-standing partnership with Pepsi with opportunities for further collaboration

Q&A