

Proposed Acquisition of Bela Ischia Alimentos Ltda for R\$218m (£54.5m*)
Expanding our presence in Brazil, the world's largest concentrates market

The board of Britvic plc ("Britvic") announces that an agreement in principle has been reached to acquire Bela Ischia Alimentos Ltda (Bela Ischia), a concentrates and juice business in Brazil, for a total cash consideration of R\$218m.

Financial Highlights of Acquisition

- Acquisition price of R\$218m, funded from existing debt facilities
- Substantial annual cost synergies
- EPS accretive in first full year

Strategic Rationale

A key pillar of Britvic's strategy is to pursue international expansion by identifying and realising global soft drink opportunities in the kids, family (dilutes) and adult categories. In its core markets Britvic has the number one family dilutes brands with Robinsons (UK), MiWadi (ROI) and Teisseire (France).

In September 2015 Britvic acquired Empresa Brasileira de Bebidas e Alimentos SA ("ebba") and the leading liquid concentrate brands Maguary and Dafruta in Brazil, the world's largest concentrates market. Ebba has been integrated successfully into the Britvic group, and has delivered excellent results in its first year against challenging macro conditions.

Acquisition Overview

Bela Ischia is a strong and well recognised consumer brand with its largest presence in the key areas of Rio de Janeiro and Minas Gerais. Its acquisition both strengthens Britvic's brand portfolio in Brazil and creates a broader regional footprint by complementing the existing ebba strengths in Sao Paulo and the north east.

The juice category in Brazil is made up of ready to drink (RTD) juice, liquid concentrates, and powder concentrates; the performance of all three is closely related. Bela Ischia, like ebba, competes in liquid concentrates and RTD juice. The consolidation of liquid concentrates and RTD juice will allow Britvic to strengthen its competitive offer, in particular against the larger powders brands.

The acquisition is highly synergistic, with the combined businesses expected to realise substantial cost savings, principally from efficiencies in procurement, production, logistics and administration. In addition, revenue benefits are expected to be generated from marketing the wider brand portfolio across a broader geographical presence. The strong first year in Brazil reinforces our confidence in Brazil as a market place for Britvic products and in the capability of the combined management team, drawn from Britvic plc and the local ebba management.

In the last 12 months, Bela Ischia delivered double digit revenue growth, reaching approximately R\$160m resulting in EBITDA of approximately R\$18.5m, reflecting strong volume and price growth. By way of comparison, ebba revenues in Britvic FY2016 were R\$471m (+18.6% vs pro forma 2015).

Whilst the transaction terms have been agreed in principle, reflecting the fact that Bela Ischia is a competitor, Britvic management has identified certain specific closing conditions, including final due diligence and a completion audit. It is anticipated, subject to satisfactory conclusion to these conditions, that completion will occur at the latest by the end of March 2017.

Commenting, Simon Litherland, Chief Executive Officer of Britvic, said:

"The proposed acquisition of Bela Ischia represents an exciting opportunity to build on our very strong first year in Brazil with further expansion of our presence in a large and growing soft drinks market. Bela Ischia operates in a category where Britvic has proven capability of generating growth, launching new products and establishing brand leadership and is an excellent complementary fit with our existing business.

Our due diligence to date has identified significant cost synergies and potential further revenue benefits arising from a broader brand portfolio and geographical presence. As a result, we are confident that this complementary acquisition should create a fantastic platform to consolidate our strategic position in Brazil and generate additional shareholder value over the coming years.”

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*Sterling value for illustrative purposes only, based on an exchange of R\$:£ 4.00