



FEVER-TREE

INTERIM RESULTS

PERIOD ENDED 30th JUNE 2017

Tim Warrillow – Co-founder and CEO
Andrew Branchflower – Finance Director

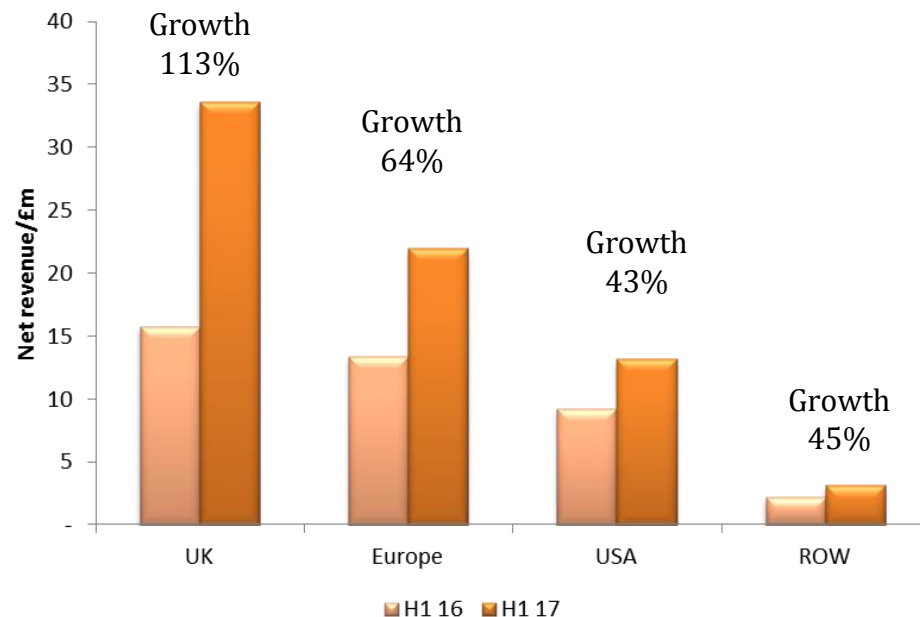
HIGHLIGHTS

Momentum has continued from 2016, exceptional growth in H1 2017

£m	H1 17	H1 16	Growth
Revenue	71.9	40.6	77%
Gross profit	39.2	22.3	76%
Gross margin	54.5%	54.8%	
EBITDA	25.2	12.4	102%
EBITDA margin	35.0%	30.7%	

- Continuing to deliver to strategy
- Strong growth across regions, exceptional UK growth is driving a UK mixer category that is premiumising at pace
- EBITDA margin improvement is due to phasing of operational spend
- Robust balance sheet with net cash of £40.5m at period end
- Interim dividend of 3.01 pence per share

Net revenue and growth by region - H1 17



REGIONAL HIGHLIGHTS

Regional highlights (i)

UK

- 47% of total revenue generated in UK
- Growth of 113%, with sales split 50:50 Off and On-Trade
- Exceptional growth in Off-Trade, drove 99% of growth in the UK mixer category at retail in the last 12 months and further increased value share to 30%
- Strong consistent growth in On-Trade, footprint increased to 20.8k outlets

Continental
Europe

- 31% of total revenue generated in Continental Europe
- Growth of 64% across region aided by strengthening Euro; 53% growth on a like for like basis
- Continued development of premium gin and tonic trend, notable performance in Germany, Italy, Netherlands, Nordics and Ireland
- Strong sell-in to key importers in June17 plus potential for less FX upside suggests strong growth will be tougher to achieve in the second half of 2017



REGIONAL HIGHLIGHTS

Regional highlights (ii)

USA

- 18% of total revenue generated in USA
- Continued strong growth of 43%, aided by strong USD; like for like growth of 29%
- 2016 distribution gains at retail are performing well with new distribution wins in H1 17

RoW

- 4% of total revenue generated in RoW region
- Growth of 45%
- Key territories remain Australia and Canada but increasing scale in South Africa and Colombia



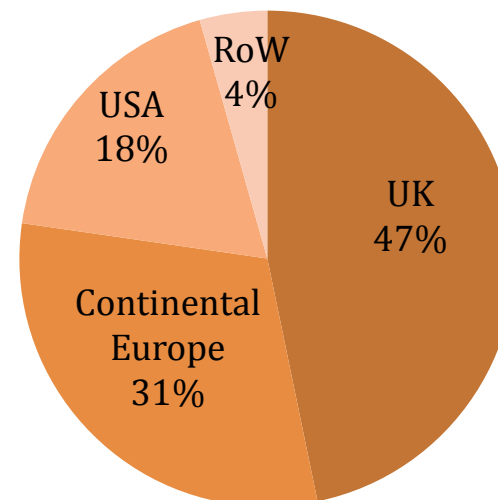
FINANCIAL REVIEW

Income statement (i) – Overview

- **Revenue of £71.9m**
 - Growth of 77% on H1 16
- **Gross profit margin of 54.5%**
 - Vs 54.8% in H1 16
- **EBITDA of £25.2m at a margin of 35.0%**
 - Vs 30.7% in H1 16

£m	H1 17	H1 16	Growth
Revenue	71.9	40.6	77%
Gross profit	39.2	22.3	76%
Gross margin	54.5%	54.8%	
EBITDA	25.2	12.4	102%
EBITDA margin	35.0%	30.7%	

Net revenue split by region – H1 17



FINANCIAL REVIEW

Income statement (ii) – Forex : like for like analysis

£m	Reported	Like-for-Like		Reported	Growth
	H1 16	H1 17	Growth	H1 17	
Revenue	40.6	69.1	70%	71.9	77%
Gross profit	22.3	37.1	66%	39.2	76%
Gross margin	54.8%	53.7%		54.5%	
EBITDA	12.4	23.2	85%	25.2	102%
EBITDA margin	30.7%	33.5%		35.0%	

- **Revenue of £71.9m**

- FX upside as Euro and Dollar each c. 9% stronger than H1 16 but at consistent level with H2 16 therefore we don't expect continued FX upside in second half of year
- Additional £2.8m of revenue generated due to FX upside, without which growth would have been 70%

- **Gross profit margin of 54.5%**

- On a like for like basis, H1 17 GP% is 53.7%, vs 54.8% in H1 16, reduction due to investment in new bespoke glass bottle

- **EBITDA of £25.2m at a margin of 35.0%**

- On a like-for-like basis EBITDA margin in H1 17 is 33.5%
- On a like-for-like basis, H1 17 underlying operating expenses were 20.2% of revenue
- Reported operating expenses in H1 16 included a £1.4m FX expense related to hedging policy which increased operating spend to 24.1% of revenue in that period
- Expect operating expenses to be more in line with budgeted level of 22% of revenue in H2 17 due to planned phasing of spend



Income statement (iii) – Other costs

- **LTIP Charges**
 - It is expected that these will continue to build going forward following annual LTIP grants
- **EPS and dividend**
 - Normalised EPS of 17.07 pence in H1 17, growth of 102% on H1 16
 - Interim dividend of 3.01 pence per share

£m	Reported H1 17	H1 16
EBITDA	25.2	12.4
Depreciation	(0.2)	(0.1)
Amortisation	(0.4)	(0.4)
LTIP charges	(0.5)	(0.1)
Operating profit	24.1	11.9
Finance expenses	0.0	(0.1)
Profit before Tax	24.1	11.8
Tax	(4.6)	(2.4)
Profit after Tax	19.4	9.4
Normalised EPS (pence)	17.07	8.44
Interim dividend (pence)	3.01	1.54



FINANCIAL REVIEW

Balance Sheet

£m	H1 17	H1 16
PPE	1.3	0.8
Intangibles	42.8	43.5
Stock	10.1	5.9
Receivables	38.9	20.7
Derivatives	(0.2)	(1.7)
Cash	46.6	24.7
Creditors	(23.1)	(10.7)
Corporation tax	(4.6)	(2.3)
Gross debt	(6.1)	(6.1)
Deferred tax	(2.2)	(2.5)
Net Assets	103.5	72.3
Net Cash	40.5	18.6

- **Net cash of £40.5m**
- Cash of £46.6m offset by £6.1m of gross debt

Cash flow

£m	H1 17	H1 16
EBITDA	25.2	12.4
Working Capital mvmt	(2.0)	(0.6)
Operating Cash flow	23.2	11.8
Conversion	92%	95%
Tax	(3.9)	(1.8)
Capital expenditure	(0.3)	(0.3)
Bank loan interest and repayment	(0.0)	(0.1)
Dividends paid	(5.4)	(2.6)
Net Cash flow	13.6	7.0

- **Operating Cash flow conversion of 92%**
- Underlying level of working capital as a % of revenue is consistent with prior year and tends to be lower/more efficient at end June than end December
- Expected that operating cash flow conversion will revert towards historic levels by year end



Marketing

- Driving engagement at point of activation
- Increased activity with major spirits players whilst supporting independent craft brands
- > 100 co-promotional activities internationally in H1
- Expansion of events programme to drive consumer sampling

Innovation

- Pipeline remains fuller than ever with a focus on territory-specific flavours and formats
- Naturally light range will be extended across all major flavours and introduced later this year in the UK
- Dark spirits strategy currently being seeded in UK On-Trade and increased Cola listings at UK retail

Outsourced business model

- Established new bottling partner in Spain to initially service Southern European volumes
- Flexibility in model – bottling/canning across five locations in UK and Europe and reviewing opportunities to further increase footprint
- New senior hires including Global Strategy Director, Innovation Director and Commercial Strategy Director to begin in H2



KEY TRENDS UPDATE

The same trends that we've previously highlighted are accelerating

Premiumisation

- Globally, premium spirits growing +6% while non-premium in decline
- In UK, 50% of spirits growth in 2016 was driven by Premium, which is now worth £1.2b (up 10%)
- In US, >25x growth in craft distilleries over 10 years

Mixability

- Consumers moving towards simple long mixed drinks, away from drinking spirits neat or over ice
- Key serves driving trend: G&T, Moscow Mule, Spritz, Hi-ball

Growth of Mixer Category

- Mixers are the fastest growing soft drinks category in certain territories
- Increasing evidence that consumers are buying into mixer flavours as soft drinks

Fever-Tree sits at the heart of these trends, driving an ever-greater long-term opportunity



SUMMARY & OUTLOOK

- Continued strong performance driven by implementation of core strategy
- Revenue & EBITDA growth underpinned by strong margins
- Momentum in all four main regions with exceptional recent growth in the UK
- Significant growth opportunities remain in both On & Off Trade
- Board confident of outlook for 2017 and beyond

