

Company announcement 33/2024

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CARLSBERG GROUP ANNOUNCES RECOMMENDED OFFER TO ACQUIRE BRITVIC PLC

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The boards of the Carlsberg Group (“**Carlsberg**”) and Britvic PLC (“**Britvic**”) today announced that they have reached agreement on the terms of a recommended cash offer to be made by Carlsberg UK Holdings Limited, a wholly-owned subsidiary of Carlsberg, to acquire the entire issued and to be issued ordinary share capital of Britvic (the “**Britvic Acquisition**”).

Britvic is a leading international soft drinks business. Britvic is the main partner for PepsiCo in the UK and Ireland with exclusive rights to manufacture, bottle, and sell brands including Pepsi, 7UP, and Lipton Ice Tea. Britvic also owns a number of brands including Robinsons, Tango, Fruit Shoot, J2O and Aqua Libra. Britvic is the largest supplier of branded still soft drinks and the number two supplier of branded carbonated soft drinks in Great Britain. Britvic is also an industry leader in Ireland with brands such as MiWadi and Ballygowan; in France with brands such as Teisseire, Pressade and Moulin de Valdonne; and in Brazil with brands such as Maguary, Bela Ischia, Extra Power and Dafruta.

Transaction Summary

- The Britvic Acquisition values the entire issued and to be issued ordinary share capital of Britvic at approximately GBP 3.3bn on a fully diluted basis and an implied enterprise value of approximately GBP 4.1bn.
- Under the terms of the Britvic Acquisition, Britvic Shareholders will be entitled to receive 1,315 pence for each Britvic Share (“the Acquisition Value”) which comprises for each Britvic Share 1,290 pence in cash (the “Acquisition Price”) and a special dividend payment of 25 pence per each Britvic Share which is expected to be paid by Britvic prior to completion of the Britvic Acquisition (the “Special Dividend”), representing:
 - an implied enterprise value multiple of approximately 13.6 times Britvic's reported adjusted EBITDA of GBP 303m for the 12 month period ended 31 March 2024;
 - an implied post-synergy EBITDA multiple of enterprise value of approximately 10.2 times after reflecting Carlsberg's estimated cost synergies of GBP 100m;
 - an implied price to earnings multiple of approximately 20.1 times Britvic's reported adjusted earnings of GBP 165m for the 12 month period ended 31 March 2024; and
 - an implied post-synergy price to earnings multiple of approximately 13.8 times after reflecting Carlsberg's estimated post-tax cost synergies of GBP 75m (assuming a 25% tax rate).
- The Britvic Acquisition is to be carried out by way of a scheme of arrangement under Part 26 of the UK Companies Act 2006 (the “Scheme”).
- The Britvic Directors intend to recommend unanimously that Britvic Shareholders vote in favour of the Scheme, which is conditional on, among other things, the approval of the requisite majority of Britvic

Shareholders at the Court Meeting and the General Meeting (as defined in the full announcement), as well as regulatory approvals and Court sanction of the Scheme as laid out in the full announcement. It is expected that the Scheme will become effective during the first quarter of 2025.

Strategic Rationale

- Carlsberg believes the combination of Carlsberg's business with Britvic will support Carlsberg's growth ambitions as set out in our Accelerate SAIL strategy.
- Carlsberg intends to create a single integrated beverage company in the United Kingdom, to be named Carlsberg Britvic. The enlarged business will have a portfolio of leading brands across the beer and soft drinks categories.
- The Britvic Acquisition will enhance Carlsberg's top- and bottom-line growth profile in Western Europe and significantly increase the level of cash flow generated in the region.
- The Britvic Acquisition will be transformative for Carlsberg's UK business creating considerable opportunity for the future development of brands and people of both organisations, and will create a highly attractive multi-beverage supplier of scale, benefitting from an efficient supply chain and distribution network, and providing customers with a comprehensive portfolio of market leading brands and leading customer service.
- The Britvic Acquisition will also further strengthen Carlsberg's close relationship with PepsiCo, which currently spans five markets across Western Europe and Asia. PepsiCo has agreed to waive the change of control clause in the bottling arrangements it has with Britvic. This waiver will come into effect should an acquisition of Britvic by Carlsberg, which has the recommendation of Britvic's board, proceed to completion, Carlsberg has agreed certain future long term bottling arrangement terms for Britvic that would come into force following the Britvic Acquisition.
- Carlsberg has clear plans to increase sales and marketing investments in Britvic in order to accelerate growth and realise the full potential of the business. The combined business will be able to take advantage of the highly synergistic combination between beer and soft drinks, with which Carlsberg has long experience in several markets.

Financial Rationale

- Carlsberg has identified annual cost savings and efficiency improvements in the region of GBP 100m, which Carlsberg expects to be delivered over the 5 years following the Britvic Acquisition. Carlsberg expects GBP 80m will be fully realised by the end of year 3, with a further GBP 20m expected to be realised by year 5.
- Carlsberg expects that return on invested capital will exceed a weighted average cost of capital of 7.0% in year 3 with a further ROIC increase in the following years.
- The Britvic Acquisition will become operating margin accretive by year 3.
- The Britvic Acquisition is expected to be adjusted earnings per share accretive for Carlsberg by mid-single digit percentages already in year 1 and by double-digit percentages in year 2 (including phased cost synergies).
- The Britvic Acquisition will be paid for in cash and is fully debt-financed. Carlsberg will increase its net interest-bearing debt to EBITDA target to "below 2.5x" (previously below 2.0x). Other capital allocation targets remain unchanged. Carlsberg expects to reach the updated leverage target by year 3.

Separately the boards of Carlsberg and Marston's plc ("Marston's") have reached agreement on the acquisition of Marston's 40% stake in Carlsberg Marston's Limited ("CMBC") for a sum of GBP 206m

payable in cash (the "CMBC Transaction") on completion. The CMBC Transaction is conditional only on the approval of Marston's shareholders (if required under the UK Listing Rules in place at the time). The 100% ownership of CMBC will facilitate full integration of Britvic and CMBC. The CMBC Transaction is anticipated to close in the third quarter of 2024.

Carlsberg Group CEO Jacob Aarup-Andersen says: "With this transaction, we are combining Britvic's high-quality soft drinks portfolio with Carlsberg's strong beer portfolio and route-to-market capabilities, creating an enhanced proposition across the UK and other markets in Western Europe. The proposed transaction is attractive for shareholders of Carlsberg, supporting our growth ambitions, being immediately earnings accretive and value-accretive in year three. We are excited about expanding our global partnership with PepsiCo and believe that the longer-term opportunities will be very beneficial for both companies.

"We are pleased that the Britvic Board is unanimously recommending our offer to Britvic Shareholders. We look forward to welcoming Britvic's employees into the Carlsberg family and creating an exciting, combined company for all employees. We are committed to accelerating commercial and supply chain investments in Britvic, and we are confident that Carlsberg Britvic will become the preferred multi-beverage supplier to customers in the UK with a comprehensive portfolio of market-leading brands."

CEO of PepsiCo Europe Silviu Popovici says: "We are looking forward to building on our long-standing and successful partnerships with both Carlsberg and Britvic. We believe that the combination of Carlsberg and Britvic will create even stronger sales and distribution capabilities for our winning brands in important markets. We look forward to continuing to expand the partnership into further important markets in the future."

Carlsberg will present the Britvic Acquisition at a conference call today at 9.30 a.m. CET. Dial-in information and a slide deck will be available on www.carlsberggroup.com/investor-relations/recommended-offer-for-britvic-plc/.

This summary should be read in conjunction with, and is subject to, the full text of the full announcement which has been issued by Carlsberg through the UK's Regulatory News Service (RNS) under Rule 2.7 of the UK's City Code on Takeovers and Mergers, together with the appendices to the full announcement.

There can be no assurance that the Britvic Acquisition, which is detailed in the formal announcement available at www.carlsberggroup.com/investor-relations/recommended-offer-for-britvic-plc/ will be consummated.

A copy of this press release can be found on Carlsberg's website at www.carlsberggroup.com.

Enquiries

Carlsberg:

Investor Relations: Peter Kondrup +45 2219 1221
Media: Kenni Leth +45 5171 4368
Brunswick Group +44 (0) 20 7404 5959
Susan Gilchrist
Max McGahan
Tom Pigott
carlsberg@brunswickgroup.com

Sole Financial Advisor:

Nomura International plc +44 (0)20 7102 1000
Adrian Fisk
Henry Phillips
Oliver Donaldson

Baker McKenzie LLP is retained as legal adviser to Carlsberg.

Inside Information

This announcement contains inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 (as applicable in Denmark as well as the United Kingdom by incorporation into law by virtue of the European Union (Withdrawal) Act 2018 as amended by virtue of the Market Abuse (Amendment) (EU Exit) Regulations 2019). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

Disclaimers

This announcement does not constitute any advice or recommendation with respect to such securities or other financial instruments.

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Dealing and Opening Position Disclosure Requirements

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) of the Takeover Code applies must be made by no later than 3.30 p.m. on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror

prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

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The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom and Denmark may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom and Denmark should inform themselves about, and observe any applicable requirements. This announcement has been prepared for the purposes of complying with English law and the Code as well as the obligations of Carlsberg pursuant to the Market Abuse Regulation (EU) 596/2014 (MAR) and the information disclosed in this announcement may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom or Denmark. This announcement is not for publication or distribution, directly or indirectly, in or into the United States of America. This announcement is not an offer of securities for sale into the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1993, as amended, and may not be offered or sold in the United States, except pursuant to an applicable exemption from registration. No public offering of securities is being made in the United States.

Forward-looking statements

This announcement contains certain "forward-looking statements" including statements regarding our intent, belief, or current expectations with respect to Carlsberg's business and operations, market conditions, results of operations and financial condition, and risk management practices. The words "likely", "expect", "aim", "should", "could", "may", "anticipate", "predict", "believe", "plan", "forecast" and other similar expressions are intended to identify forward-looking statements. Indications of, and

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