March 18, 2021

Fevertree Drinks plc

FY20 Preliminary Results to 31 December 2020

FY20 Highlights

- Fever-Tree's proactive actions strengthened our position as the leading global premium mixer brand.
- Despite widespread On-Trade closures, a channel which has historically accounted for c.45% of Group revenue, Full Year revenues reduced by only 3% year-on-year due to a very strong Off-Trade performance.
- Off-Trade sales exceeded expectations across our regions, even during periods when the On-Trade was reopened:
    - Maintained position as number one brand in the UK retail mixer category, with 40.1% value share[1]
    - Significant momentum in the US as the brand continues to gain traction with retailers and consumers.
    - Very strong second half performance in Europe, driven by strong Off-Trade sales, importer restocking and GDP portfolio brand revenue.
    - Excellent progress in our two largest ROW markets, Australia and Canada.
- Capitalised on supportive trends and reacted quickly to evolving purchasing and consumption habits:
    - Spirits continue to gain share from wine and beer, with premium segments driving category growth
    - Marketing spend focused on increased at-home consumption with the Group's first ever national television advertisement in the UK, driving increase in consumer awareness and resulting in Fever-Tree being in more households than any other mixer brand[2]
    - Our focus on digital in the US gained increased exposure for the brand through targeted media.
    - Investment in online retail platforms across our regions drove significant new growth in this channel.
- The Group continued to invest for long-term growth:
    - Successful launches of the new Premium Soda range in the UK, specifically targeted at the vodka category and Sparkling Pink Grapefruit in the US, targeted at the fast-growing tequila category.
    - Provided support to our On-Trade customers through the pandemic resulting in strengthened relationships, significant re-contracting and further contract wins.
    - Successful acquisition and integration of GDP Global Drinks Partnership, the Group's sales agent in Germany, underlining the Group's ambition in Europe.
    - Commissioned our first US bottling line, based on the West Coast, which began production in December 2020.
    - Continuing to invest in our team across our regions with 35 new employees joining during 2020 and we welcomed an additional 51 new members of the team following the acquisition of GDP.

Financial highlights

£m	FY20	FY19	*Change*
Revenue			
UK	103.3	132.6	*(22)%*
US	58.5	47.6	*23%*
Europe[3]	65.3	64.4	*1%*
ROW	25.0	15.8	*58%*
Total	**252.1**	**260.5**	***(3)*%**
Gross profit	**116.3**	**131.5**	***(12)*%**
Gross margin	*46.2%*	*50.5%*	*(430)bps*
Adjusted EBITDA[4]	**57.0**	**77.0**	***(26)*%**
Adjusted EBITDA margin	*22.6%*	*29.6%*	*(700)bps*

[1] IRI 13 weeks to 27 December 2020
[2] Kantar rolling 12 weeks, 12th July – 27th December 2020
[3] FY20 includes £6.4 million revenue from GDP's portfolio brands
[4] Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, share based payment charges and finance costs

Diluted EPS (pence per share)	35.76	50.26	(29)%
Dividend (pence per share)	15.68	15.08	4%
Net cash	143.1	128.3	12%

- Resilient revenue performance of £252.1 million, a decrease of only 3% year-on-year.
- Increased investment and the impacts of COVID-19 on revenue and gross margin reduced our Adjusted EBITDA margin to 22.6% but we remain confident that continuing to invest in our people and our brand will position us strongly as we emerge from the current period of uncertainty.
- Asset light business model continues to underpin the Group's strong financial position, with cash increasing to £143 million; an increase of 12% year-on-year.
- Proposed full year dividend of 15.68 pence per share, an increase of 4% year-on-year, reflecting our financial strength, confidence in the business, as well as our strong cash generation.

FY21 Guidance

Whilst there remains continuing uncertainty relating to COVID-19, especially regarding the pace of both vaccine deployment globally and the lifting of restrictions that continue to impact the On-Trade across our regions, we believe it is appropriate to reintroduce guidance for 2021.

The first months of the year have seen a continuation of very positive trading in the Off-Trade across all our regions. While we would expect some of the Off-Trade demand to switch to the On-Trade as it begins to re-open, we estimate that the Off-Trade will remain strong. As highlighted above, the On-Trade continues to be impacted by widespread lockdowns but with the gradual easing of restrictions over the coming months, we expect momentum to build as the year progresses. As a result, we remain well placed across our regions and across channels as the recovery occurs and we expect the Group to deliver revenue growth of between 12% to 16% in 2021, with gross and EBITDA margins consistent with FY20.

Tim Warrillow, Co-Founder and CEO of Fever-Tree, commented

"Although 2020 presented many unforeseen challenges, our resilient performance highlights the strength of the business and the Fever-Tree brand which is testament to the proactive and entrepreneurial way our team and our partners responded.

Our performance in the Off-Trade was especially strong, exceeding our expectations across all our regions. Numerous periods of lockdown during the year encouraged increased consumer interest in premium spirits and stimulated excitement about mixing drinks at home, attracting more households and new consumers to the Fever-Tree brand than ever before. Consequently, we have increased our penetration in the UK, driven value share gains in the US, and Europe, and gained real traction in Canada and Australia.

Despite the restrictions and closures that impacted the On-Trade for a large proportion of the year we didn't furlough any of our team enabling us to support our customers across the On-Trade and Off-Trade, strengthening our relationships and securing new contracts.

Our resilient performance can also be attributed to the proactive and rapid actions taken by the business to respond to the evolving consumption and purchasing habits that emerged during the pandemic. Crucially, we did this while remaining focused on the longer-term opportunity. We expanded our team across all our regions, as well as acquiring our sales agent in Germany, and began local production in the US for the first time. We also launched new products with our Premium Soda range in the UK targeting the significant vodka category and Pink Grapefruit in the US targeting the fast-growing tequila category. Both launches were very encouraging, delivering an excellent rate of sale growth as well as attracting new consumers to the brand.

Whilst our On-Trade business remains impacted by the continued shutdowns and restrictions across many of our regions, we have had a very positive start to 2021 across the Off-Trade. The momentum seen in 2020 has continued in the first part of *the new year with strong sales in our major markets, most notably the UK and US. We are working closely with our On-Trade customers as they prepare for re-opening across our regions and while we are mindful of the gradual nature of easing of restrictions, we share their optimism and excitement for this important channel in the months and years ahead. Our confidence in the future is underpinned by the long-term trend towards premium spirits and long mixed drinks which accelerated during 2020 and a trend that Fever-Tree, with our category leadership position, range and relationships, remains uniquely placed to continue to benefit from."*

There will be live audio webcast on Thursday 18th March 2021 at 10:00am GMT. The webcast can be accessed via: https://www.investis-live.com/fever-tree/6040faa949aa2a0e00f3a9fa/gwvv

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Group performance I Good progress during 2020

I am incredibly proud of how Fever-Tree has performed this year, and how our team has reacted to the uncertain and challenging environment. The collective response of our team, strength of our brand, our key relationships with customers and suppliers, and the speed at which we were able to take proactive steps, has enabled us to further extend our clear position as the global leading premium mixer brand.

The progress we have made this year alongside increased momentum behind the long-term trends of spirits premiumisation and the move to long mixed drinks gives me confidence that we will exit this on-going period of uncertainty in a stronger position than we entered it.

The Group delivered revenue of £252.1m, representing a small decline of 3% year-on-year. This was an extremely resilient performance in the context of widespread On-Trade closures across all our markets given that this channel typically represents 45% of our global revenue, as well as being a reflection of our very strong performance in the Off-Trade across our regions, which exceeded our expectations. Of particular note was the performance delivered in the US as well as our major ROW regions of Australia and Canada.

The shift in channel mix, along with the outperformance delivered in the US, and the incremental GDP portfolio brand revenue impacted our margins for the full year, with gross margin reducing to 46.2%. As well as navigating the short-term uncertainty, we took the decision early in the pandemic to continue to invest in the brand and our team, as we remained focused on the long-term opportunity ahead for the Group. This resulted in our adjusted EBITDA margin reducing to 22.6% this year, and consequently profit before tax was £51.6m. We ended the year with a strong balance sheet and net cash of £143.1m, an increase of 12% year-on-year.

COVID-19 update I Supporting our people and communities

At the start of the pandemic, we set-up a cross-departmental team to co-ordinate the Group's response. Throughout the period, our asset light, outsourced business model provided us with the flexibility to react quickly to changing channel dynamics and consumer demand as well as the resilience to withstand the ongoing challenges posed by the pandemic.

The way our team across the globe has adapted to working remotely and the commitment they have demonstrated through the period is a testament to the talent and dedication of our employees.

Throughout the crisis we have strived to provide security and certainty to our team and therefore pledged very early into the pandemic to not use any Government furlough scheme or receive Government grants across our regions. Instead, during periods of lockdowns and restrictions we have focused our On-Trade sales teams on new projects and initiatives as we look to 2021 and beyond.

As well as focusing on our employees' wellbeing, we offered support to communities and groups across our regions, including financial support to local charities, encouraging staff with capacity to volunteer their time, and donating to initiatives supporting key workers. In the UK we supported "Salute the NHS" in their mission to provide one million meals to NHS frontline staff, donating 100,000 soft drinks to be included in their meal packs as well as donating to similar schemes supporting front line workers across many of our other regions. In addition, we have continued to give significant financial and marketing support to our charitable partner, Malaria No More in keeping the fight against malaria in the public eye through various external and internal initiatives.

Strategic update I Strong business model underpinned FY20 performance

Revenue, £m	**FY20**	**FY19**	***Change***
UK	103.3	132.7	*(22)%*
US	58.5	47.6	*23%*
Europe	65.3	64.4	*1%*
ROW	25.0	15.8	*58%*
Total	**252.1**	**260.5**	***(3)%***

UK I Good strategic progress and strong Off-Trade performance

Fever-Tree made progress during an uncertain year, increasing our household penetration and consolidating our market leading position. The On-Trade, which usually represents approximately 50% of our UK revenues, was not only forced to close for large parts of the year, but when it did reopen, remained at reduced capacity under varying regional restrictions. As a result, revenue in the On-Trade was down 62% compared to 2019. However, this impact was mitigated by a very strong Off-Trade performance, which saw sales increase by 20% compared to 2019, resulting in total UK revenues down 22% year-on-year.

The Off-Trade was characterised by increased demand during the first lockdown as consumers increased their at-home consumption of long mixed drinks. Encouragingly, even during the period when the On-Trade reopened in July and October, high levels of demand continued in the Off-Trade reflecting a sustained behavioural shift in relation to at-home consumption with Fever-Tree's UK household penetration increasing by 7% over the course of the year[5].

Our agile business model meant we were quick to adapt to changing consumer purchasing habits that emerged during the period, such as the preference for larger pack formats, encouraging us to accelerate the roll out of our 15 x 150ml can pack as well as an increased focus and resource in the convenience channel as consumers shopped closer to home.

Reflecting the shift in consumer spend and growing interest in mixing drinks at home, we redeployed our marketing spend to focus on the at-home occasion. This included our first national television campaign, on-shelf initiatives in the Off-Trade including a dedicated Gin & Tonic Bay in Sainsbury's, as well as virtual masterclasses which engaged and educated consumers from their own homes during the festive period.

Alongside our ability to react to the shorter-term changes in consumer demand, our continued focus on the longer-term opportunity enabled us to push ahead with our innovation plans during the year. This included launching our Premium Soda range in March and our Rhubarb and Raspberry Tonic in October. The soda range received a very positive response in the Off-Trade, with new listings secured and very encouraging rate of sale performance across retailers.

As a result of our proactive approach and decision to continue to invest in the brand, in our innovation and in our team, Fever-Tree increased volume share year-on-year and gained distribution across all major retailers, continuing to strongly outperform other premium mixer competitors to remain the number one mixer by value at UK Off-Trade, with 40.1% value share[6].

The spirits category also performed strongly during the year in the Off-Trade with more households purchasing spirits than the traditional at home drinks of wine or beer (growth of +4.1pp of penetration for spirits vs wine +1.1pp and beer +2.7pp), with gin and rum the stand-out performers. This not only benefited our core Tonic SKUs, but also underpinned significant progress for our Gingers range which performed well from an increasing distribution base, with an 80% increase in the year[7].

As the On-Trade channel closed abruptly in March our team was proactive in offering support to our customers through credit extensions and payment plans, as well as working closely with our end accounts to ensure they were offered the support they required to adapt to the new ways of trading on reopening. This was gratefully received and has strengthened our relationships with many of our key long-term customers.

Following its re-opening in July, the On-Trade gradually began to recover throughout the summer with the pace of recovery determined by both sector and location. However, the reintroduction of restrictions in Autumn and again in the run up to Christmas, had a significant impact across the whole sector.

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[5] Kantar
[6] IRI 13 weeks to 27 December 2020
[7] IRI 52 weeks to 27 December 2020

Despite this, Fever-Tree's brand strength and customer loyalty enabled us to maintain our strong market share in the On-Trade during the period of re-openings in Q3 2020[8]. While we are mindful of the continued uncertainty surrounding the on-going restrictions and the timing of the re-openings, we are well placed to continue to build on this market leading position as the On-Trade gradually recovers during 2021.

Despite the material challenges the Group has faced over the course of 2020, we have made good progress in the UK. In the Off-Trade we sustained our value share and no. 1 position in the mixer category and drove an uplift in our brand awareness and household penetration as well as successfully launching new flavours and formats. Turning to the On-Trade, the steps we took and supported offered, enabled us to strengthen our already excellent relationships.

Notwithstanding the on-going uncertainty around the timing of the On-Trade reopening, the steps we have taken and position we have established provides us with an excellent platform to deliver growth in 2021 and beyond. Our confidence in the future is underpinned by the long-term trend towards long mixed drinks which accelerated during 2020 and one that Fever-Tree, with our category leadership position, range and relationships, remains uniquely placed to continue to lead its growth.

US I Fever-Tree growing strongly, outperforming the mixer category in the Off-Trade

Fever-Tree's performance in the US was strong and significantly ahead of our expectations across the year, with revenues increasing 23% to £58.5m (26% on a constant currency basis).

The priority at the beginning of 2020 was implementing our price optimisation and expanding our format availability. Unlocking an affordable premium price position alongside the broadening of our formats on shelf was designed to encourage increased trial of the brand, to unlock new occasions, and to increase purchase frequency from existing Fever-Tree consumers. While the pandemic lead to some delays, the new pricing was successfully rolled out from March to June.

We are confident that the reposition has started to deliver the desired results, driving strong sales uplifts across key retailers ahead of the category, with rate of sale driving growth ahead of distribution gains as the year progressed. Overall Fever-Tree delivered 57% value growth at retail during 2020[9]; a performance which exceeded our expectations and ensured we remained the clear market leader in grocery in the premium mixer category, which itself is the fastest growing segment in the category.

Alongside the impact of the price optimisation, our strong Off-Trade performance can be attributed to a number of other factors. Firstly, the switch to at-home consumption following On-Trade closures and the propensity towards making long mixed drinks at home, with consumption of spirits growing ahead of wine and beer, and with it the continuing premiumisation across all spirit categories. Secondly, the benefit of the strong distribution gains Fever-Tree achieved during the second half of 2019, which gave the brand more prominence in retail at a time when this was the most relevant channel. And finally, our decision to reposition and upweight our marketing investment. We redeployed spend from experiential to digital, from trade to consumer in order to target the Off-Trade and online channels during the pandemic which drove increasing consumer awareness and encouraged trial at home. This included our work with Google as part of their Brand Accelerator program which provided very encouraging results and insights which will be taken into 2021 and beyond.

Alongside this investment we focussed on building on our strong relationships with online retailers, aligning strongly with liquor delivery platforms to deliver complete drinks solutions for consumers. In addition, through search and website enhancements we were able to drive a significant increase in Amazon volumes year-on-year.

On-Trade sales in the US have been materially affected by closures related to lockdowns, which have varied by state in length and extent, but overall have led to very challenging conditions in this channel since March 2020. Despite this, we continue to enjoy a strong relationship with Southern Glazer's Wines and Spirits ("SGWS"), with whom we

[8] CGA
[9] Nielsen

have performed well, especially in the liquor store channel, leveraging their ability to execute spirits partnerships as well as their merchandising capabilities. We have also continued to win new mandates and distribution within the national Hotel, Casino, Resorts and Restaurant groups, positioning us well for when the On-Trade re-opens.

Within the portfolio we have seen strong growth across our full range of mixers, targeting multiple drinks occasions, from the mule (Ginger Beer) to tonics (Tonic Water) and spritzes (Club Soda). Within spirits, tequila continues to show very strong growth, and in the first half of the year we launched a new Sparkling Pink Grapefruit to pair with tequila to create the perfect low-calorie Paloma cocktail. This has been our most successful US launch to date, already gaining significant attention from retailers and consumers, and we are optimistic about the Pink Grapefruit opportunity as we look forward to 2021.

This performance, along with the increasing interest surrounding the US mixer category, will greatly enhance our ability to further increase our retail footprint and presence on shelf over the course of the year. In addition, we believe our On-Trade performance will be enhanced as consumers increasingly begin to demand the same quality of drink they have been able to enjoy at home rather than being satisfied with the soda gun when returning to the On-Trade as it reopens. These factors, along with continued portfolio innovation directed at US consumer habits, give us real confidence as we head into 2021 and beyond.

Europe I Extending market leadership across the region

Whilst the impact of On-Trade closures was felt across the region, Fever-Tree delivered £65.3m revenue for the full year, up 1% year-on-year. This result was driven by a very strong performance in the Off-Trade, a strong recovery in the second half of the year as importers re-stocked following the initial period of lockdowns in Spring, and £6.4m of incremental revenue from GDP brands.

Whilst the On-Trade was materially impacted by closures, especially in Southern Europe which tends to rely more on the On-Trade and the tourism industry, the Off-Trade performed very well across Europe, and the premiumisation trend continued to gain momentum in many countries across the region, with Fever-Tree driving growth in the category and gaining share in multiple key European markets.

In our core markets, such as Belgium and Denmark, we have maintained our market leading position and see further opportunities to drive distribution across a wider range of mixers following the success of our tonics by leveraging the brand strength we have created in these markets.

In the markets that will drive our next wave of growth, including Germany, Spain and Italy, we continue to see significant growth opportunities ahead in sizeable and growing mixer categories. Spain and Italy are both On-Trade led markets and as such, sales in these countries were more severely impacted this year. However, the relationship with our local distributors remains strong and our focus is on identifying opportunities as the On-Trade reopens.

Germany is currently Fever-Tree's second largest market in Europe and represents a notable opportunity for the Group. It is one of the largest mixer markets in Europe and is underpinned by emerging premiumisation trends evident in both the mixer and spirits categories. Fever-Tree is gaining share in the fast-growing and premiumising mixer category, overtaking Thomas Henry to become the leading premium tonic brand for the first time this year[10]. The acquisition of our sales agent, GDP in July provides us with a strong operational platform from which to continue to drive our growth in Germany, where we have built our distribution in major retailers including ReWe, Edeka and Kaufland. Alongside Fever-Tree, GDP distributes complementary premium beer and spirits brands. This portfolio approach is highly suited to the size and outlet fragmentation of the German market and these portfolio brands generated £6.4m of incremental sales in the second half of 2020.

Looking further ahead, the focus for our Earlier Stage markets, like France and Netherlands where mixer markets are relatively immature, is on establishing the optimum route-to-market, building our distribution, with a focus this year on the convenience channel, and increasing our local headcount where appropriate.

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[10] IRI

We have continued to build our European team during the year, increasing our in country regional expertise across both Northern and Southern Europe., supported by a growing regional marketing team ensuring best in class marketing execution and co-promotional activities with both global and local spirits brands.

As well as investing in our team, we have continued to invest in marketing across the region with a focus on Off-Trade activities. This has included investment in retail display visibility across our core markets, as well as co-promotional activity with a number of spirits brands including Lillet on a spritz serve in Belgium, and with Bombay Sapphire on gin and tonic in Germany.

Whilst the impacts of COVID-19 will continue into 2021, we remain confident and optimistic about the medium and long-term opportunity in Europe. There are a number of markets that offer real potential, and we continue to invest and focus on the opportunity that they present. Fever-Tree is the only premium brand with scale, distribution footprint and track record across Europe and this gives us a clear advantage over our premium competitors. Moreover, European mixer market growth continues to be driven by the premium segment and led by Fever-Tree.

RoW I Supportive trends and strategic progress driving growth

We have made very strong progress in our two largest markets, Australia and Canada, driving total revenue growth for the region of 58% to £25.0m.

In Australia, Fever-Tree is driving growth across the mixer category and continues to be the clear premium leader. Long mixed drinks are taking share from wine and beer, led by the gin and tonic, with the tonic category growing by 34% in Australian grocery during 2020[11], ahead of gingers and soda. Fever-Tree's increasing brand awareness, along with significant distribution gains, has enabled the brand to grow in major retailers such as Woolworths, where our sales increased over 100% year-on-year. As well as driving the premiumisation of tonics, gingers and soda to pair with other popular spirits, we have also looked to expand our formats, introducing our 500ml bottles to Coles and Woolworths towards the end of 2020, as well as focusing on our lighter mixers, with Light Indian Tonic quickly becoming our fastest growing segment, reflecting the demand for healthier, lighter options.

In Canada, the mixer market continues to premiumise. The premium segment grew over twice the rate of the mainstream segment in 2020[12], with Fever-Tree driving this growth, using its strong presence in the premium mixer category to increase trial and awareness, and secure new distribution with several key accounts. We grew our tonic sales at retail by 63% over the last 12 months, contributing to almost half of the tonic water category growth during 2020, and increasing our value share to a third of the tonic category at retail. Ginger beer also grew strongly and remains core to our long-term success in this market. Given our strong rate of sale in major retailers and contribution to overall mixer category growth, we are well placed to gain further distribution and continue to gain share.

Asia remains a region with long-term potential for Fever-Tree. We have upgraded a number of our distribution partners this year, ensuring we are with the right partner for the next stage of development. This year we signed a pan-Asia deal with Accor, the largest hotel group in the region, to become their preferred premium mixer partner across Asia. In addition, we have continued to develop our relationships with the international and local spirits companies in the region as well as focus on growing our distribution across key accounts.

Operational Review

Our team worked very closely with our partners throughout our supply chain to help mitigate the impact of the global pandemic. This involved steps such as the early securing of significant contingency stocks of key ingredients, establishment of secondary warehousing in the UK and granular, real-time demand forecasting and highly fluid production planning alongside our network of five bottlers and two canners. Whilst network capacity, efficiency and lead times for supply into markets were all tested during the year, continuity of production was retained through the period, testament to the structure we operate and the quality of both our production partners and the Fever-Tree supply chain team.

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[11] Australian retail scanner data and Fever-Tree analysis
[12] Nielsen 52 weeks to 26 Dec 2020 (Only includes the c.10% of the Ginger Ale category that's consumed mixed)

Over recent years the Group has focused on expanding our outsourced production network, both in response to our growing global footprint and also in preparation for the range of potential Brexit outcomes. We now operate across three bottling sites and one canning site in Continental Europe, including our latest site in Belgium. This local production network in Europe will underpin our growth ambitions in the region and has mitigated the impact of cross-border disruption following the UK's exit from the EU.

Despite multiple operational challenges presented by the pandemic we worked with our US production partner to commission our first Fever-Tree US bottling line, based on the West Coast. We began US production in December 2020, and this will gradually ramp up over the course of 2021. Alongside this, we have signed a contract with our US bottling partner to commission an East Coast bottling line, which we expect to be operational in the latter stages of 2021. This is an exciting development for the Group, adding further capacity and flexibility to our network and setting us up to realise our substantial ambition in the US market over the next few years.

In July 2020 the Group was pleased to announce the acquisition of GDP, the Group's sales agent in Germany. GDP is a well-established sales agent and importer, with a strong portfolio of premium drinks and a good track record of growing premium brands.

The acquisition of GDP, with established management, distribution relationships and sales channels already in place allows the Group to accelerate the strength and depth of its presence in Germany much faster than could have been achieved by building a sales and marketing subsidiary from scratch. The integration of GDP is proceeding well and has been aided by the strong cultural fit between organisations and the longstanding relationship between the senior management of Fever-Tree and GDP.

The long-term opportunity

While we have acted quickly and dynamically in response to the challenges of COVID-19 this year, our long-term strategy remains unchanged and continues to be underpinned by growing global trends, as well as our excellent track record against the competition. The longstanding trends of spirit premiumisation and the growing popularity of long mixed drinks, have not only continued throughout the pandemic, but in many cases accelerated, giving us even more confidence in the future growth potential for Fever-Tree.

Premium spirits deliver the authenticity, quality and choice that consumers are increasingly seeking, as evidenced by the continued growth of craft distilleries across the globe. This has been most evident in the US where there are now over 2,000 craft distilleries, up from 50 in 2005 when we first launched Fever-Tree, and in the UK where, despite the pandemic, a record 124 new distilleries were created in 2020 alone.

The advent of the well-crafted premium mixer, pioneered and led by Fever-Tree, allows these premium spirits to be consumed simply, in a long refreshing manner that is suited to today's consumer, and across a wider range of occasions. Due to the variety of flavour combinations, the wide choice of premium spirits brands and the use of unique glassware and garnishes, premium long mixed drinks allow for theatre and engagement and yet due to the simplicity of the serve, require no bar tender training and can be rolled at scale in the On-Trade. Equally, and vitally, the quality of the experience can then be easily replicated at home.

However, perhaps most importantly, long mixed drinks allow spirits to extend into multiple new occasions, including those which were traditionally the preserve of beer and wine, be it lunch time, Al fresco, after work, or even sporting events, thus drawing in wider audiences.

For all of these reasons, the premium long mixed drink is becoming central to the serve strategies of major spirits brands like never before. Spirits have been taking share from beer and wine over the last 5-10 years, especially at the premium end, with premium spirits growing volume at a rate of 9.2% CAGR between 2015-2019, whereas wine and beer remained flat[13] and over the next five years spirits are forecast to continue to take share from both wine

[13] IWSR and Euromonitor

and beer[14]. The US presents a clear example of these trends, with spirits increasing their share of Total Beverage Alcohol from 32% to 39% over the last 10 years. These share gains continued throughout 2020, especially during periods of lockdown where household penetration of spirits outpaced beer and wine as 3.9 million new US households purchased spirits at retail[15].

Alongside the sustained growth at the premium end of the spirits category globally, the mixer category has also been growing strongly, as the popularity of long mixed drinks accelerates. Between 2012-19, the premium segment of the mixer category grew at almost five times the rate of the total mixer category, with Fever-Tree doubling the growth of the rest of the premium segment. During 2020 the trend to long mixed drinks has accelerated in the Off-Trade as consumers enjoy long mixed drinks at home as a form of entertainment and a treat at the end of the working day, with much of this elevated demand remaining even during periods when the On-Trade reopened.

What is incredibly encouraging is that Fever-Tree sits at the heart of this fast-growing global movement. No one else is better placed. We have the first mover advantage, track record against competition, international footprint, tools, range, global brand recognition and relationships to continue to benefit from and drive this trend forward.

Fever-Tree Team

This year more than ever, our priority has been our close-knit team, who are integral to the success of the business. Despite the impacts of the pandemic, we did not furlough any team members and instead focused on redeploying talent around the business to provide job security when it was needed most.

We have continued to add capabilities to our global team with a number of hires this year including the appointment of a Chief Marketing Officer, as well as the successful integration of the team we acquired from GDP.

While we have continued to grow, we remain entrepreneurial at heart and work hard to ensure we have a culture that enables all our team, regardless of location, department or level to feel they can make a real difference to the business. This year the rise of virtual working has enabled us to be connected across all our regions more than ever before. The fast adoption of various virtual platforms and the willingness to remain connected across departments and locations to make the progress we have this year is a testament to everyone in the business.

The last 12 months has also seen my co-founder Charles Rolls step down from the Board. It really has been a fantastic experience and an enormous amount of fun working with and building the business alongside Charles. He is undoubtedly a great entrepreneur, with his success in breathing life into the premium gin category with Plymouth Gin and then of course Fever-Tree, so Gin & Tonic drinkers around the world owe him a great debt of gratitude.

I will certainly miss working alongside him, and we look forward to providing him with a proper Fever-Tree send off when the circumstances allow.

Sustainability

We are conscious of ensuring we take decisions and act in a way that is beneficial to the natural environment and the wider community, driving positive, long-term impact.

Our pioneering spirit ensures we are continually challenging ourselves to find ever more sustainable ways to produce our products. Whether through working even closer with our partners throughout our supply chain, protecting biodiversity in places not only where we source from but where we live and work, to exploring future-proof carbon reduction solutions, we are determined that Fever-Tree continues to put sustainability at the forefront of our decision making.

The last 12 months has brought this into even sharper focus for me and the wider team. We recognise we have a responsibility to protect our planet and need to match our words with action. The last year has seen us establish a

[14] IWSR
[15] Numerator

clear framework for our sustainability initiatives focused on five branches of Climate, Circular Economy, Conservation, Communities and Colleagues. These branches guide our approach and ensure all our teams have sustainability considerations as part of their overall decision making and strategy.

As a senior team, we are extremely excited about the initiatives that are underway. We have a strong direction of travel in this area, and I look forward to talking in much more detail about them in the coming months.

Summary & Outlook

Although 2020 presented many unforeseen challenges, Fever-Tree has continued to strengthen its global leadership position and we remain confident in our ability to deliver long-term sustainable growth.

Our performance in the Off-Trade has been strong, exceeding our expectations across all our regions. Numerous periods of lockdown during the year encouraged increased consumer interest and excitement about mixing drinks at home, attracting more households to the Fever-Tree brand than ever before. Consequently, we have increased our penetration in the UK, consolidated our number one position, and driven value share gains in the US, Europe, and as far afield as Canada and Australia.

Despite the restrictions and closures that impacted the On-Trade for a large proportion of the year, we have continued to support our On-Trade partners across our regions and are well positioned as this important channel gradually recovers.

Our resilient performance can also be attributed to the proactive and rapid actions taken by the business. For example, we worked quickly to increase contingency stocks of our key ingredients, upweighted marketing spend to focus on at-home consumption, rolled out larger pack sizes as consumers started to buy in bulk, and invested in online retail platforms to drive growth in this increasingly significant channel.

The strong and secure financial position of the Group has enabled us to remain focused on the long-term opportunity, continue to invest and make strategic progress. We launched new premium mixers, such as our Premium Sodas in the UK and our Sparkling Pink Grapefruit in the US, as well as acquiring our sales agent in Germany, and began production with our US bottling partner.

Uncertainty remains going into 2021, and the impact of the pandemic on 2021 performance is difficult to predict. However, the progress of the various vaccine rollouts has given the world hope there is a way through this crisis. Consequently, on the assumption that the vaccines continue to rollout as planned for the rest of the year, we expect to see a gradual recovery of the On-Trade as 2021 progresses, benefitting all our regions. The Off-Trade is likely to moderate as the On-Trade recovers, but we firmly believe that we will continue to benefit from the progress we have made in this channel across our regions in 2020.

The Group remains well-placed financially with a cash position at year end of £143.1m and our asset light, outsourced business model continues to ensure we have a low fixed cost base and the flexibility to manage any future challenges.

Excitingly, the global long-term trend to premium spirits and long mixed drinks continues and has even accelerated over the course of the year, making us more confident than ever in the opportunity ahead for the Group as we look beyond the current period of disruption and uncertainty.

Finance review

2020 saw the Group respond swiftly and decisively to the disruption and uncertainty caused by COVID-19, while also making strategic progress.

The agility of our asset-light, outsourced business model alongside the strong relationships we hold with our production partners allowed us to navigate the challenges posed by the pandemic. Our focused team and entrepreneurial culture allowed us to quickly identify and capitalise on opportunities that arose from the rapid shifts in consumer occasion and behaviour as they unfolded. Our financial strength and our conviction in the global premium mixer opportunity allowed us to continue to focus on our strategy, to build our team, to invest behind the brand, and with the acquisition of GDP, establish an operational footprint in a key European market.

Despite the impact on our On-Trade revenues, our Off-Trade performance was consistently strong across regions, resulting in net revenues of £252.1m for the Group, a decline of 3% (2019: £260.5m). As expected, the gross margin declined due to investments in the US pricing architecture at the beginning of 2020, with a further impact felt from the shifts in channel and regional mix resulting from the widespread On-Trade closures during the year. Alongside this, the Group's continued investment and increased level of underlying operating expenditure resulted in a reduction in the adjusted EBITDA margin this year to 22.6% (2019: 29.6%). Whilst we remain committed to investing behind the long-term opportunity, we anticipate that the gradual re-emergence of the On-Trade will allow for margins to improve from these levels.

We end the year with an improved cash position of £143.1m (2019: £128.3m) and as a reflection of our confidence in the financial strength of the Group, the Board is recommending a final dividend of 15.68 pence per share, an increase of 4% year-on-year.

Gross Margin

Gross margin of 46.2% represents a decline from the 50.5% gross margin reported in 2019. Certain known factors, including the US price optimisation implemented in the first half of this year were expected to result in a gross margin for the Group in line with our expectations of c.49% for the year. Three factors then further impacted gross margin, bringing it to the reported level of 46.2%:

- Net foreign currency headwinds impacted gross margin, most notably from a weakening US dollar in the second half of the year.
- Following the acquisition of GDP we now consolidate the revenue generated by the distribution of their non-Fever-Tree portfolio brands. GDP's portfolio of premium brands provides valuable synergies in a large but fragmented market and provides incremental contribution to GDP's overheads; however, the portfolio brand revenue generates a lower margin than the Group achieves on sales of Fever-Tree products, and hence has a diluting impact on the Group gross margin.
- Most significantly, COVID-related closures in the On-Trade impacted channel mix, especially in the UK, and also affected the regional sales mix, as regions which are typically more Off-Trade weighted and therefore less exposed to On-Trade closures increased in the overall Group sales mix.

In the UK, the On-Trade channel reduced to 25% of UK sales in 2020 (2019: 51%), whilst the US, which performed strongly and is naturally more Off-Trade weighted, increased to 23% of Group revenue (2019: 18%). We would expect the impact on gross margin of these shifts in channel and regional mix to gradually unwind as the On-Trade reopens and recovers globally.

As we look further ahead, we expect the US to increase in the regional sales mix given the scale of opportunity in that market. The US currently operates at a lower percentage gross margin than the rest of the Group due to the elevated logistics costs related to transporting product from the UK to the US. The commencement of production with a West Coast US bottling partner in December 2020 alongside the agreement to extend production to that partner's East Coast facility later in 2021 is a significant step. Not only does it ensure we are operationally underpinned with sufficient capacity and agility to continue to service the US opportunity, but it will also allow us to drive efficiencies in our US logistics costs as we produce locally, and thus improve our US gross margin as the opportunity scales in that market.

Operating expenditure

We continued to invest in the brand, our people, and our capabilities through the course of 2020, leading to underlying operating expenses increasing by 8.7% to £59.3m (2019: £54.5m). As a result, underlying operating expenses increased to 23.5% of Group revenue (2019: 20.9%).

As it became clear that the pandemic would impact our On-Trade revenues globally in 2020, we took the decision to continue to invest behind the brand, and proactively refocused our existing marketing plans and budgets to where consumer demand was shifting. This involved redeploying spend away from On-Trade and events activities and towards the Off-Trade, whilst also upweighting our digital and TV advertising spend in key markets.

In the UK, whilst our total marketing spend reduced, largely due to the cancellation of the Fever-Tree Championship, we redeployed an element of this spend to our first national television advertising campaign, at a time early in the pandemic when advantageous commercial rates were available to those brands still willing to invest. We increased our marketing spend in key growth markets, including the US, Australia and Canada, and notably upweighted our digital spend in the US as we worked with Google as part of their Brand Accelerator program. Whilst On-Trade and Events marketing budgets were significantly reduced across our regions, the redeployment of spend and continued investment in our growth markets resulted in total marketing spend for the Group remaining strong at 9.9% of Fever-Tree brand revenue (2019: 11.0%).

Staff costs and other overheads increased to £34.1m (2019: £25.8m), representing 13.5% of Group revenue (2019: 9.9%). This increase reflects a continued investment in our Global team as well as the consolidation of GDP staff costs and other overheads in the second half of the year.

We made the decision very early in the pandemic to not take any form of government support and indeed continued to build capacity and capability within the team as we invested in our people ahead of the growth opportunity for the Group. In 2020 we focused on building further capability in Group functions, with key hires in the Innovation, Strategy, Finance and Quality Control teams, whilst also adding to our regional teams, particularly in the US, Australia and Canada.

We strengthened our Senior Leadership team with the appointment of a Chief Marketing Officer and with the acquisition of GDP we welcomed a further 51 people into the Fever-Tree team, in total increasing our headcount by 86 in the year to 259. Whilst we have increased headcount in recent years, we remain lean and, importantly, agile, preserving the entrepreneurial culture which has been central to the Group's success.

The decision to continue to invest in the brand and our people has enabled the Group to make significant strategic progress during the year. These investments were made firmly on the basis of our financial strength and our conviction in the long-term opportunity; however, due to the short-term impacts of COVID-19 on revenue and gross margin, they have impacted our profitability in 2020. As a result of the decline in gross margin and increase in underlying operating expenditure the group generated adjusted EBITDA of £57.0m, a 25.9% decline from 2019, at a margin of 22.6% (2019: 29.6%).

The acquisition of GDP resulted in the recognition of an £8.0m intangible asset, which will be amortised over 10 years. This led to an increased amortisation of £0.4m in the second half of the year, bringing total amortisation costs to £1.1m (2019: £0.7m). Depreciation charges increased to £2.7m (2019: £2.2m), largely related to the reusable packaging system in Germany. Share based payment charges were flat at £1.9m (2019: £1.9m).

As a result of the increases in amortisation and depreciation charges, the 25.9% decline in adjusted EBITDA translates to a 28.8% decrease in operating profit to £51.3m (2019: £72.2m). Net finance income of £0.3m resulted in profit before tax of £51.6m, a decrease of 28.9% (2019: £72.5m).

Tax

The effective tax rate in 2020 was 19.1% (2019: 19.3%) and was in line with expectations.

Earnings Per Share

The basic earnings per share for the year are 35.86 pence (2019: 50.46 pence) and the diluted earnings per share for the year are 35.76 pence (2019: 50.26 pence).

In order to compare earnings per share year on year, earnings have been adjusted to exclude amortisation and the UK statutory tax rates have been applied (disregarding other tax adjusting items). On this basis, normalised earnings per share for 2020 are 36.72 pence per share and for 2019 were 51.08 pence per share, a decrease of 28.1%; for further detail see note 9 of the Consolidated Financial Statements.

Working Capital

Trade and other receivables decreased by £4.8m during 2020 to £56.0m (2019: £60.8m), following significant focus on credit control throughout the year. During the initial period of lockdowns in Spring 2020 we sought to balance the management of credit risk with the need to support our customers and distribution partners. We proactively extended terms with our On-Trade customers and our network of international importers and worked closely on payment plans, resulting in full collections of outstanding balances from that period. We continued to apply this balanced approach between risk and support as further periods of restrictions and lockdowns were enacted as the year progressed.

Whilst a significant element of our debtor balance sits with large UK retail and US distribution partners, we recognise that credit risk remains elevated due to the on-going uncertainty. However, our strong relationships, proactive approach and appropriate levels of credit insurance position us well to continue to manage the on-going credit risk.

Inventory levels increased by £17.9m to £38.7m (2019: £20.8m) as the Group increased both raw material and finished good inventory levels during the year, primarily to mitigate potential disruption caused by COVID-19, and later in the year to prepare for the UK's exit from the EU under a range of potential scenarios, which subsequently has proceeded with minimal disruption to our ability to produce in the UK or across our European bottling and canning network.

Trade and other payables increased by £14.9m to £42.4m (2019: £27.5m) which largely reflects an elevated level of production in the latter months of 2020 compared to 2019 and the consolidation of GDP balances.

As a result of the above movements, the impact of the increase in inventory was offset by the reduction in receivables and increase in payables and consequently, working capital reduced by £1.8m to £52.3m (2019: £54.1m). Excluding non-cash movements, working capital increased marginally, therefore cash generated from operations declined to 95.8% of adjusted EBITDA (2019: 103.9%).

Capital Expenditure

Due to the structure of the Group's business model, capital expenditure requirements remain low, with additions of £2.5m in the year (2019: £6.4m). The additions in the year included continued investment in reusable packaging in Germany, reflecting the growth in that market.

Cash Position

The Group entered 2020 in a strong financial position; debt-free, with £143.1m of cash on the balance sheet. This robust platform underpinned our ability to invest and make strategic progress in 2020 despite the uncertainty relating to COVID-19.

Whilst we increased our underlying operating expenditure by 8.7%, continued to pay progressive dividends and completed the acquisition of GDP, year-end cash increased by 12% during the year to £143.1m (2019: £128.3m). The increase in our cash position is testament to our strong Off-Trade performance, efficient working capital management and modest capital expenditure requirements and ensures that we retain a strong financial position as we look ahead to 2021.

The Group's Capital Allocation framework remains unchanged. We intend to retain sufficient cash to allow for investment against the global opportunity and see our strong cash position as a competitive advantage over many of our premium mixer competitors globally. We primarily foresee this investment taking the form of operational expenditure, including upweighted marketing spend across our growth regions at the appropriate stage, and we intend to retain sufficient cash reserves to allow us to take advantage of opportunities to upweight and accelerate investment as they arise. Whilst not a priority or essential component of the Group's plans, we also remain vigilant with regards to M&A opportunities that would further assist with the delivery of our strategy, as demonstrated by the acquisition of GDP this year. Where the Board considers there to be surplus cash held on the Balance Sheet it will consider additional distribution to shareholders.

Dividend

The Group remains committed to a progressive dividend policy and as such, the Board is recommending a final dividend of 10.27 pence per share in respect of 2020 (2019: 9.88 pence per share) bringing the total dividend for the year to 15.68 pence per share (2019: 15.08 pence per share). If approved by shareholders at the AGM on 20 May 2021 the final dividend will be paid on 28 May 2021 to shareholders on the register on 9 April 2021.

Performance Indicators

The Group monitors its performance through a number of key indicators. These are formulated at Board meetings and reviewed at both an operational and Board level.

Progress against these key indicators was closely monitored during the year. Due to the disruption caused by the pandemic, targeted performance was adjusted accordingly as the year progressed. Whilst performance was down year on year, the final revenue growth and adjusted EBITDA margin was ahead of the Board's expectations.

Revenue growth %
Group revenue growth was -3.2% in 2020 (2019: +9.7%).

Gross margin %
The Group achieved a gross margin of 46.2% in 2020 (2019: 50.5%).

Adjusted EBITDA margin %
The Group achieved an adjusted EBITDA margin of 22.6% in 2020 (2019: 29.6%).

Fevertree Drinks plc
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2020

	2020	**2019**
	£m	£m
Revenue	252.1	260.5
Cost of sales	(135.8)	(129.0)
Gross profit	116.3	131.5
Administrative expenses	(65.0)	(59.3)
Adjusted EBITDA	57.0	77.0
Depreciation	(2.7)	(2.2)
Amortisation	(1.1)	(0.7)
Share based payment charges	(1.9)	(1.9)
Operating profit	51.3	72.2
Finance costs		
Finance income	0.5	0.5
Finance expense	(0.2)	(0.2)
Profit before tax	51.6	72.5
Tax expense	(9.9)	(14.0)
Profit for the year	41.7	58.5
Items that may be reclassified to profit or loss		
Foreign currency translation difference of foreign operations	(0.2)	0.1
Effective portion of cash flow hedges	0.6	0.2
Total other comprehensive income	0.4	0.3
Total comprehensive income for the year	42.1	58.8
Earnings per share		
Basic (pence)	35.86	50.46
Diluted (pence)	35.76	50.26

Fevertree Drinks plc
Consolidated statement of financial position

At 31 December 2020	2020	2019
	£m	£m
Non-current assets		
Property, plant and equipment	7.5	6.9
Intangible assets	48.8	41.0
Deferred tax asset	1.9	0.5
Other financial assets	-	2.1
Total non-current assets	58.2	50.5
Current assets		
Inventories	38.7	20.8
Trade and other receivables	56.0	60.8
Derivative financial instruments	1.3	0.1
Corporation tax asset	1.1	-
Cash and cash equivalents	143.1	128.3
Total current assets	240.2	210.0
Total assets	298.4	260.5
Current liabilities		
Trade and other payables	(42.4)	(27.5)
Loans and borrowings	(0.1)	-
Corporation tax liability	-	(5.1)
Deferred tax liability	(1.5)	-
Lease liabilities	(0.7)	(0.6)
Total current liabilities	(44.7)	(33.2)
Non-current liabilities		
Lease liabilities	(1.1)	(1.2)
Total non-current liabilities	(1.1)	(1.2)
Total liabilities	(45.8)	(34.4)
Net assets	252.6	226.1
Equity attributable to equity holders of the company		
Share capital	0.3	0.3
Share premium	54.8	54.8
Capital redemption reserve	0.1	0.1
Cash flow hedge reserve	0.8	0.2
Translation reserve	(0.2)	-
Retained earnings	196.8	170.7
Total equity	252.6	226.1

Fevertree Drinks plc
Consolidated statement of cash flows
For the year ended 31 December 2020

	2020	2019
	£m	£m
Operating activities		
Profit before tax	51.6	72.5
Finance expense	0.2	0.2
Finance income	(0.5)	(0.5)
Depreciation of property, plant and equipment	2.7	2.2
Amortisation of intangible assets	1.1	0.7
Share based payments	1.9	1.9
	57.0	77.0
Decrease/(Increase) in trade and other receivables	4.0	1.3
Decrease/(Increase) in inventories	(17.2)	5.7
(Decrease)/Increase in trade and other payables	10.8	(4.0)
	(2.4)	3.0
Cash generated from operations	54.6	80.0
Income taxes paid	(16.5)	(12.0)
Net cash flows from operating activities	38.1	68.0
Investing activities		
Purchase of property, plant and equipment	(2.6)	(2.6)
Interest received	0.5	0.5
Acquisition of subsidiary, net of cash acquired	(1.7)	-
Net cash used in investing activities	(3.8)	(2.1)
Financing activities		
Interest paid	(0.2)	(0.2)
Issue of shares	-	-
Dividends paid	(17.8)	(18.0)
Repayment of loan	(0.9)	(6.1)
Issue of other financial assets	-	(2.2)
Payment of lease liabilities	(0.7)	(0.5)
Net cash used in financing activities	(19.6)	(27.0)
Net increase in cash and cash equivalents	14.7	38.9
Cash and cash equivalents at beginning of period	128.3	89.7
Effect of movements in exchange rates on cash held	0.1	(0.3)
Cash and cash equivalents at end of period	143.1	128.3

1. Basis of Preparation

The financial information contained in this results announcement has been prepared on the basis of the accounting policies set out in the statutory financial statements for the year ended 31 December 2019. Whilst the financial information included in this announcement has been computed in accordance with the recognition and measurement requirements of IFRS, as adopted by the European Union, this announcement does not itself contain sufficient disclosures to comply with IFRS.

The financial information set out above does not constitute the company's statutory accounts for 2020 or 2019. Statutory accounts for the years ended 31 December 2020 and 31 December 2019 have been reported on by the Independent Auditor. The Independent Auditor's Report on the Annual Report and Financial Statements for 2020 and 2019 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. Statutory accounts for the year ended 31 December 2019 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2020 will be delivered to the Registrar in due course.

2. Revenue

An analysis of turnover by geographical market is given below:

	2020	**2019**
	£m	£m
United Kingdom	103.3	132.7
United States of America	58.5	47.6
Europe	65.3	64.4
Rest of the World	25.0	15.8
	252.1	260.5

3. Earnings per share

	2020	**2019**
	£m	£m
Profit		
Profit used in calculating basic and diluted EPS	41.7	58.5
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	116,277,921	116,126,293
Weighted average number of dilutive employee share options outstanding	335,590	448,508
Weighted average number of shares for the purpose of diluted earnings per share	116,613,511	116,574,801
Basic earnings per share (pence)	35.86	50.46
Diluted earnings per share (pence)	35.76	50.26

4. Dividends

In the financial year ended 31 December 2020 dividends were paid with a value of £17,777,192 (being £11,473,762 at 9.88 pence per share in respect of the year ended 31 December 2019, and £6,303,430 at 5.41 pence per share in respect of the six months ended 30 June 2020). Dividends of £17,976,649 (15.48 pence per share) were paid in the prior year. The Directors are proposing a final dividend of 10.27 pence per share - £11,966,441. This dividend has not been accrued in the consolidated statement of financial position.