A.G. Barr: 2026 Cost Price Increase (CPI) Justification

1. Summary

- At A.G. Barr, we have made every effort to absorb internal costs to protect our brands from inflation.
- However, compounding global economic shocks across oil, transportation, and packaging materials have reset our manufacturing costs.
- A Cost Price Increase (CPI) is now necessary to recover costs that have been imposed on us.

2. Core Cost Drivers

To understand why this CPI is critical, we must look at the raw costs of getting our products onto the shelf.

Aluminium (Cans)

- Our internal base metal costs are projected to rise by a **double digit %** compared to our 2026 budget.
- According to April 2026 FDF data, global spot prices have surged to **$3,599.85** per metric tonne.
- This represents a **51.8%** year-on-year increase, primarily driven by high global demand and supply blockades affecting Middle Eastern smelters.

Brent Crude Oil & Plastics (Bottles & Caps)

- Brent Crude pricing has increased significantly, peaking at **$120.42** per barrel, which is a **77.8%** year-on-year jump.
- Because PET bottles, caps, and shrink films are derived directly from crude oil, we project a **high single digit to double digit %** cost escalation across our plastics portfolio.

Freight & Supply Chain (Delivery)

- Fuel expenses remain elevated, heavily impacting both raw material deliveries and finished product shipments.
- The official UK Haulage Index has risen to **132.6**, marking a **7.1%** year-on-year increase and reflecting intense domestic logistics pressure.

Paper Products (Cases & Trays)

- We are forecasting a rigid **10%** cost increase for paper-based shipping products, such as corrugated trays.
- This increase is driven by extreme manufacturing energy overheads before the product even leaves the factory, with European and domestic gas costs sitting **33.0%** and **33.1%** above last year's baseline, respectively.

3. Strategic Rationale

- Our updated pricing is carefully measured to recover essential, non-negotiable costs while protecting sales volume.
- The FDF dashboard confirms that the UK Non-Alcoholic Drink CPIH Index is currently at **150.5**
- A.G. Barr’s proposed CPI aligns directly with these broader industry shocks, ensuring our portfolio maintains competitive value gaps and that checkout performance remains highly resilient.

Sincerely,

Scott Duncan