



# McBride plc 2005-06 Full Year Results Presentation

September 2006

Overall best private label supplier in UK - Grocer Magazine

*"Senior buyers judged McBride the best, thanks to its excellent account management skills, reliability of deliveries, consistency of product quality, new product development and value for money"*

BEHIND  
THE LABEL

## Summary 2005-06 - foundations laid

- » Results in line with expectations
- » Good performance in a challenging environment
- » Actions taken to revitalise business
  - Reduced costs
  - Strengthened organisation and culture
  - Increased product development
- » Good momentum at start of 2006-07

# Progress against objectives.....

- » Western Continental Europe
  - New Managing Director
  - New business unit structure more closely aligned to customers
  - Cost savings - 10% headcount reduction
  - Customer service restored
- » Eastern Continental Europe
  - New Managing Director and Commercial Director
  - Commenced major factory expansion
- » UK
  - Bampton factory closed
  - Increased product development
  - 2 small acquisitions completed (one post year end)

**Bob Beveridge**

Finance Director

# Profit and loss account (1)

	2004-05		2005-06		Y/Y
	£m	Margin	£m	Margin	
Revenue	537.1		540.1		+1%
Cost of sales	<u>(348.4)</u>		<u>(355.8)</u>		+2%
Gross profit	188.7	35.1%	184.3	34.1%	-2%
Distribution costs	<u>(34.0)</u>		<u>(35.2)</u>		+4%
Contribution	154.7	28.8%	149.1	27.6%	-4%
Administrative costs <sup>(1)</sup>	(119.7)		(118.1)		-1%
<b>Operating profit<sup>(1)</sup></b>	<b>35.0</b>	<b>6.5%</b>	<b>31.0</b>	<b>5.7%</b>	<b>-11%</b>

(1) Before exceptional items

## Profit and loss account (2)

	2004-05		2005-06		Y/Y
	£m	Margin	£m	Margin	
<b>Operating profit<sup>(1)</sup></b>	35.0	6.5%	31.0	5.7%	-11%
Exceptional items	(3.0)		(3.8)		+27%
Interest	(1.4)		(1.3)		-7%
Profit before tax	30.6		25.9		-15%
Taxation	(9.2)		(7.5)		-18%
Profit for the year	21.4		18.4		-14%
EPS	12.0p		10.3p		-14%
EPS <sup>(1)</sup>	13.2p		11.7p		-11%
DPS	4.8p		5.1p		+6%

(1) Before exceptional items



# Regional performance

	Revenue <sup>(1)</sup>			Operating profit <sup>(1)(2)</sup>		
	2004-05 £m	2005-06 £m	Y/Y	2004-05 £m	2005-06 £m	Y/Y
UK	243.3	<b>249.8</b>	<b>+3%</b>	21.4	<b>21.8</b>	<b>+2%</b>
Western Continental Europe	286.2	<b>280.3</b>	<b>-2%</b>	13.7	<b>9.0</b>	<b>-34%</b>
Eastern Continental Europe	15.8	<b>21.9</b>	<b>+39%</b>	1.2	<b>1.6</b>	<b>+33%</b>
<b>Total</b>	<b>545.3</b>	<b>552.0</b>	<b>+1%</b>	<b>36.3</b>	<b>32.4</b>	<b>-11%</b>
Intergroup/corporate	(8.2)	<b>(11.9)</b>	<b>+45%</b>	(1.3)	<b>(1.4)</b>	<b>+8%</b>
<b>Total</b>	<b>537.1</b>	<b>540.1</b>	<b>+1%</b>	<b>35.0</b>	<b>31.0</b>	<b>-11%</b>

(1) Revenue and operating profit by geographic origin

(2) Before exceptional items

# Product category performance

	Revenue			Operating profit <sup>(1)</sup>		
	2004-05 £m	2005-06 £m	Y/Y	2004-05 £m	2005-06 £m	Y/Y
Household	441.0	434.9	-1%	28.3	23.2	-18%
Personal care	96.1	105.2	+9%	8.0	9.2	+15%
<b>Total</b>	<b>537.1</b>	<b>540.1</b>	<b>+1%</b>	<b>36.3</b>	<b>32.4</b>	<b>-11%</b>
Corporate				(1.3)	(1.4)	+8%
<b>Total</b>				<b>35.0</b>	<b>31.0</b>	<b>-11%</b>

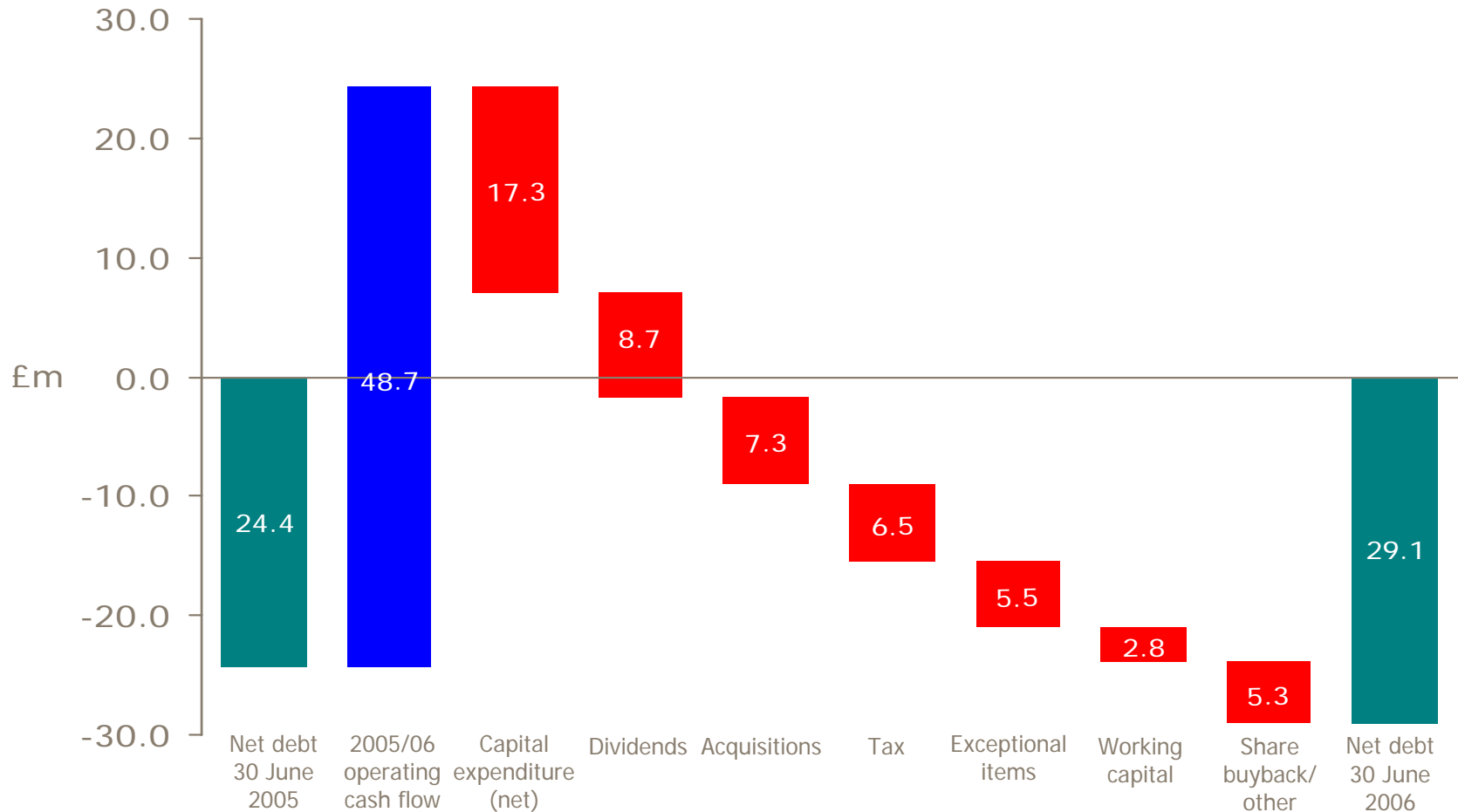
(1) Before exceptional items



# Actions to alleviate cost pressures

- » Purchasing strategies/alternative sources
- » Alternative ingredients
- » Value engineering
- » Material yield/labour productivity - efficiency
- » Changes to pack formats
- » Big positions to leverage scale
- » Asset utilisation
- » China office
- » Overhead reduction

# Movement in net debt June 2005-2006



**Nearly £65m net debt reduction in last 5 years**

# Balance sheet

	2004-05	2005-06
	£m	£m
<b>Non-current assets</b>	138.8	146.5
<b>Inventories</b>	41.3	41.3
<b>Debtors</b>	106.3	106.6
<b>Current tax</b>	(2.0)	(1.7)
<b>Creditors</b>	(147.9)	(143.0)
<b>Net working capital</b>	(2.3)	3.2
<b>Employee benefits</b>	(12.6)	(13.7)
<b>Provisions</b>		
<b>Deferred tax</b>	(0.6)	(2.0)
<b>Non-current provisions</b>	(0.8)	(1.0)
	(1.4)	(3.0)
<b>Net debt</b>	(24.4)	(29.1)
<b>Net assets</b>	98.1	103.9
<b>ROACE</b>	28%	24%

## 2 UK household liquids acquisitions

### » Sanmex

- Last reported turnover c£10m
- Purchase of business, specific assets and stock
- Consideration £6.5m plus £1.1m for stock
- Business transfer to Middleton/Burnley completed to plan
- Improved asset utilisation and service
- Broadened customer base

### » Coventry Chemicals

- Last reported turnover c£4m; paid £1.7m plus £0.2m for stock
- Similar transaction structure and rationale to Sanmex

**Miles Roberts**

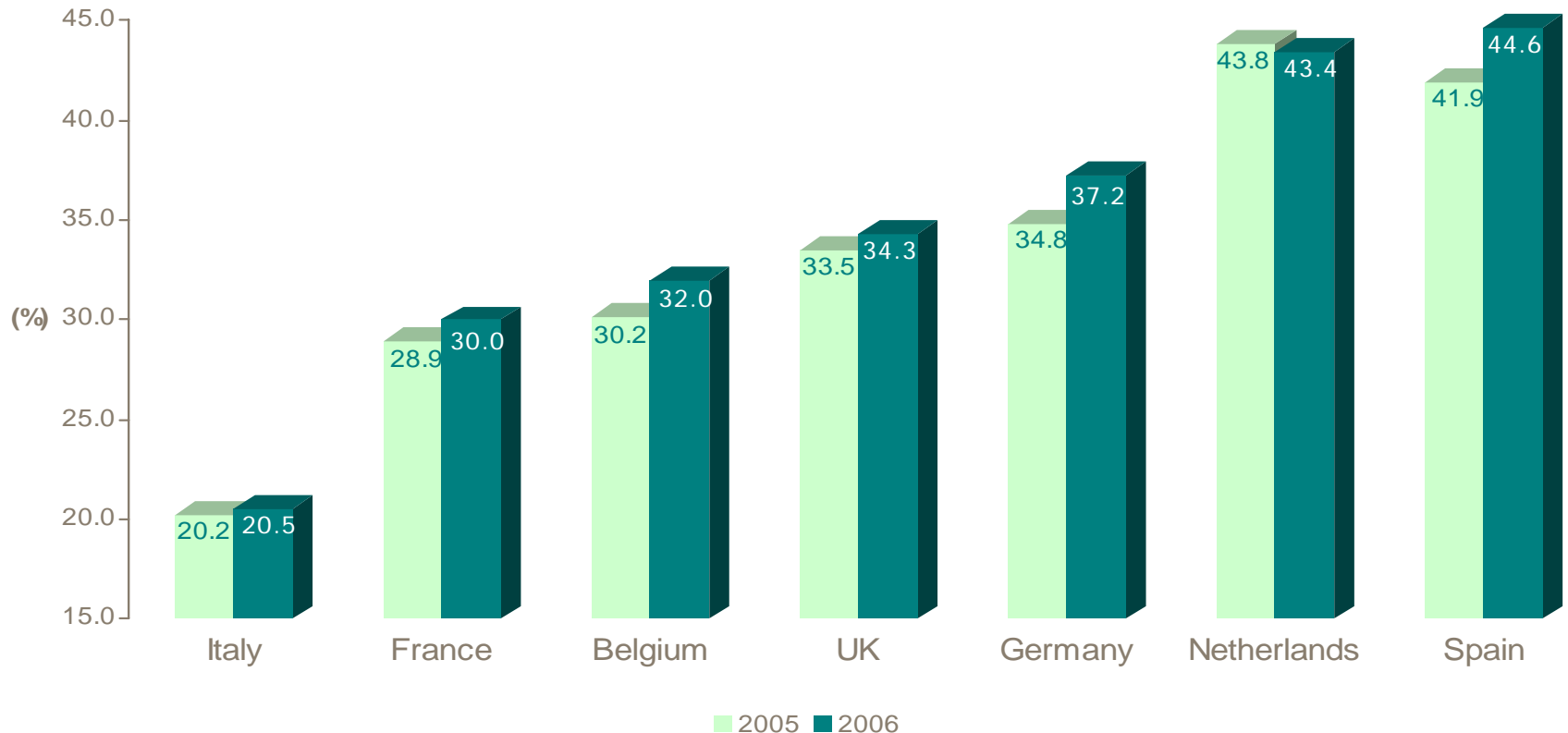
Chief Executive

# Strategy for growth

- » To drive the growth of private label household and personal care products in Europe
- » Customer partnership
  - Product innovation
  - Category development
  - Local customer service
- » Operational scale and efficiency
- » Colleagues and culture

# Private label continues to grow share

Private label volume share of European household products markets



Source: Taylor Nelson Sofres, McBride (data for years to June 2005 and June 2006)

Note: Data for certain countries derived from limited range of household products

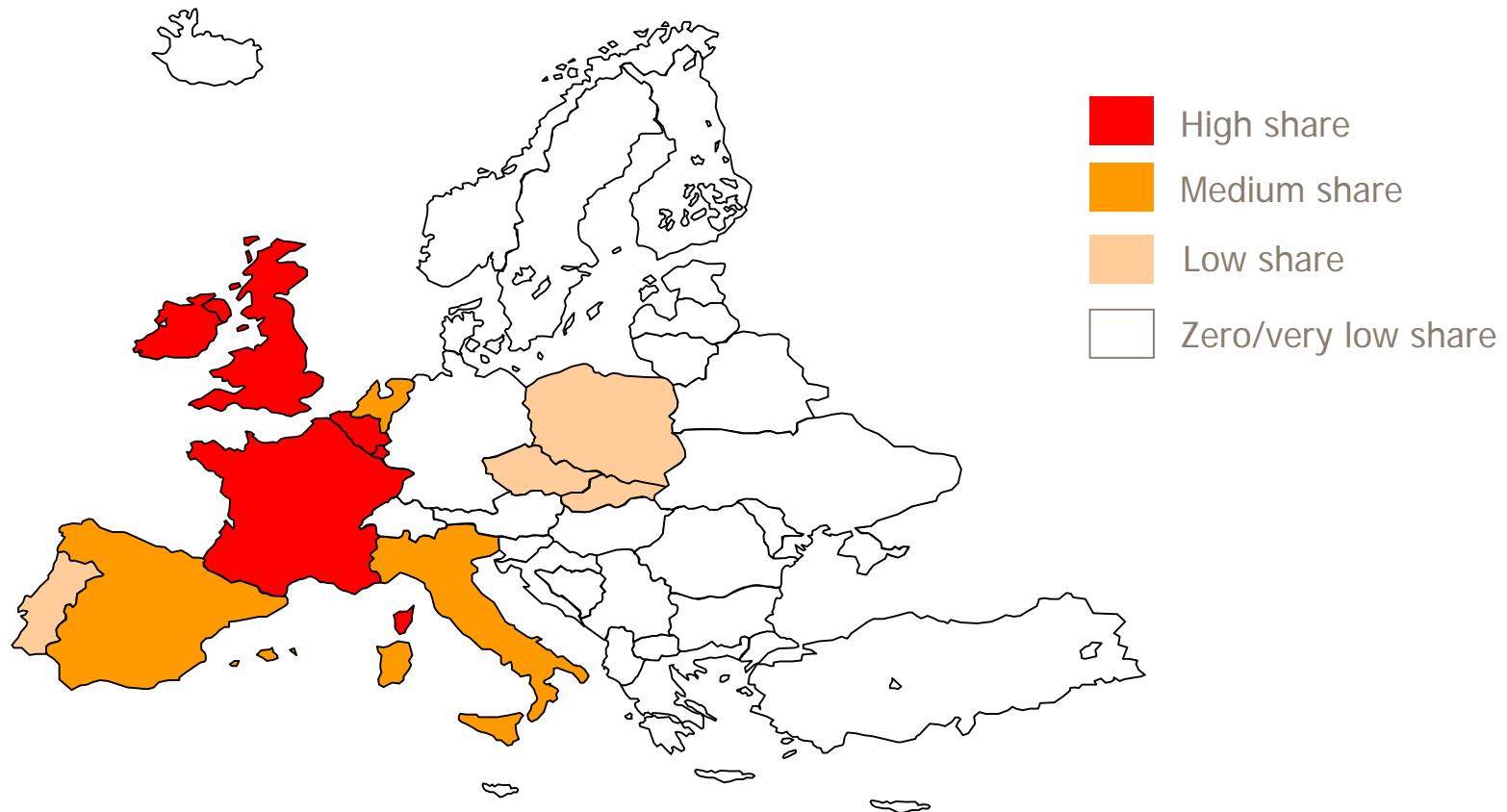


# Private label growing across Europe

- » Consumers increasingly aware of private label quality and value
- » Retailers need private label to improve profitability and provide differentiation
- » Retailer consolidation
- » Growth of hard discount



# McBride currently concentrated in 3 markets



# Product innovation

- » Pro-active. Understand consumer trends and technical advances.
- » Re-active. To retailer request or new brand initiative
- » New Product Development 2005-06
  - 49 new household product concepts offered to UK customers
  - 95% strike rate
- » Personal Care product development
  - Expansion of category offer
  - Premiumness opportunities in Hair, Men's and Deodorants segments
  - Preferred supplier status
  - Sales up 12% UK; 7% WCE



# Category development

- » Driving retailers' category profitability through private label growth
- » Key elements
  - product; position; price and margin; promotion
- » Objective - becoming partner of choice
- » Recent progress - UK
  - premium range developments
  - on shelf positioning improvements
  - increased promotional activity
- » Encouraging initial dialogues in Western Continental Europe

## Local customer service

- » All countries have dedicated, local sales, logistics and marketing functions
  - servicing customer needs
  - supported by intra-group communication systems
  - common SAP system

# Operational scale and efficiency

- » Most cost effective supplier
- » Product and technical expertise
- » Rigorous operating standards
- » Managing high operating complexity
- » Scale - offering pan-European supply
- » Platform to absorb growth



## Colleagues and culture - working together

- » Competitive advantage through quality of people, attitudes and behaviours
- » Focus on teamwork, people development and effective communications
- » Cross functional teams - e.g. product development, continuous improvement
- » Cross divisional teams - e.g. product technical, commercial, finance

## Current trading and outlook

- » Benefits from cost savings, growth and acquisitions
- » But oil related costs constraining margin improvement
- » Investment to support growth - R&D, marketing, key management positions
- » Increased capital expenditure - capacity and cost savings
- » Good momentum at start of year
- » Since year end trading in line with expectations

# Summary

- » Results in line with expectations
- » Good performance in a challenging environment
- » Actions taken to revitalise business
- » Good momentum at start of 2006-07
- » Clear business strategy