

McBride plc  
2005-06: Interim Results  
9 February 2006

# Key Messages

- Solid result in a very competitive market
- Continental European result disappointing
- Strong Personal Care growth
- Strong underlying cash generation
- Initial finding of Business Review encouraging
- Action programme to improve performance underway
- Growth opportunities

# Income Statement

£m	H1 <u>2005</u>	H1 <u>2004</u>
Revenue	<u>270.4</u>	<u>268.0</u>
Operating profit	15.4	18.8
Net Interest	<u>(0.5)</u>	<u>(0.6)</u>
Profit Before tax	14.9	18.2
Tax	<u>(4.5)</u>	<u>(5.5)</u>
Profit After Tax	<u>10.4</u>	<u>12.7</u>
EPS	5.8p	7.1p
Dividend	1.6p	1.5p

# Segmental Analysis

£m	H1 <u>2005</u>	H1 <u>2004</u>	Change % +/-
Revenue by Geographic Origin			
UK	122.1	119.4	+2%
Continental Europe	148.3	148.6	-
<b>Total</b>	<b><u>270.4</u></b>	<b><u>268.0</u></b>	<b>+1%</b>
Operating Profit by Geographic Origin			
UK	10.5	11.2	-6%
Continental Europe	5.7	8.2	-31%
Corporate	(0.8)	(0.6)	
<b>Total</b>	<b><u>15.4</u></b>	<b><u>18.8</u></b>	<b>-18%</b>

# Revenue by Product Segment

£m	H1 <u>2005</u>	H1 <u>2004</u>	Change % +/-
Household	209.8	214.6	-2%
Personal care	48.8	42.0	+16%
Core PL /MB sub Total	<u>258.6</u>	<u>256.6</u>	+1%
Contract	11.8	11.4	+4%
<b>Total</b>	<b><u>270.4</u></b>	<b><u>268.0</u></b>	<b>+1%</b>

# Free Cash Flow

£m	<u>H1</u> <u>2005</u>	<u>H1</u> <u>2004</u>
Operating profit	15.4	18.8
Depreciation	9.1	9.2
<b>EBITDA</b>	<b>24.5</b>	<b>28.0</b>
Working Capital Movement	(1.4)	3.2
Tax	(3.1)	(3.0)
Net Interest	(0.8)	(3.3)
<b>Operating Cash Flow</b>	<b>19.2</b>	<b>24.9</b>
Capital Expenditure	(7.5)	(8.7)
<b>Free Cash Flow</b>	<b>11.7</b>	<b>16.2</b>

# Net Debt Movement

£m	<u>H1</u> <u>2005</u>	<u>H1</u> <u>2004</u>
Free Cash Flow	11.7	16.2
Rationalisation	(2.2)	(2.9)
APL acquisition	-	(2.8)
Net Share repurchase	(1.4)	(1.9)
Dividends	(5.9)	(5.0)
Other	(0.3)	(1.7)
<b>Net Debt Reduction</b>	<b><u>1.9</u></b>	<b><u>1.9</u></b>

# Balance Sheet

£m	Dec <u>2005</u>	Dec <u>2004</u>
Non – current Assets *	<u>138.6</u>	<u>143.8</u>
Stocks	46.1	43.7
Debtors	99.1	109.0
Creditors	<u>(143.7)</u>	<u>(152.7)</u>
Net Working Capital	<u>1.5</u>	<u>-</u>
Employee Benefits	(15.5)	(14.5)
Provisions **	(3.7)	(3.9)
Net Debt	<u>(22.5)</u>	<u>(29.5)</u>
Net Assets	<u>98.4</u>	<u>95.9</u>
ROACE %	25%	30%

\* includes assets held for resale but excludes deferred tax assets

\*\* includes all deferred tax balances



# Pensions

- McBride operates a defined contribution and defined benefit (DB) schemes in the UK and other small schemes in Europe
- The UK DB scheme was closed to new entrants in 2002
- The net of tax deficit for the UK scheme increased by £3m during the period to £10.8m.
- The 3 yearly actuarial valuation of the UK scheme is due during the second half

# Operational Review and Strategy

Miles Roberts

# Key Findings

- Strong reputation
- Good technology and product breadth
- Good opportunities to improve efficiency and competitiveness
- Increase accountability and responsiveness
- Reinforce a performance based culture
- Opportunities to improve European supply chain footprint
- Enhance ability to respond to growth of hard discount format
- Growth opportunities in existing and new geographic markets

# Current Market Position

- A leading European PL manufacturer
- Market leading position in UK and France in household
- Smaller market positions in Italy, Spain the Low Countries and Poland
- Italy, Spain, Germany and Central Eastern Europe provide good opportunities to grow market share.
- Personal Care, strong position in UK, growing positions in France, Belgium and Poland.
- McBride supplies all PL formats but has a smaller share of the hard discount sector which is growing most strongly
- Some loss of share on the Continent due to historic service issues

# Current Retail Environment

- PL share of a flat grocery market is increasing
- Retailers margins and profits under pressure
- Selling price deflation continues
- PL offers retailers the opportunity to increase margins
- Retailers diversifying and consolidating
- Planning constraints favour the growth of discount and convenience stores
- Discount format showing highest PL growth rates in Continental Europe
- Recent changes in French retail law affecting PL

# Key Drivers of Private Label Growth

- Consolidation of Retailers
- Rationalisation of Store fascia
- Cross Border expansion of major retailers
- Hard Discount Store growth encourages increased PL development
- Value to Consumer

# Household and Personal Care Private Label performance

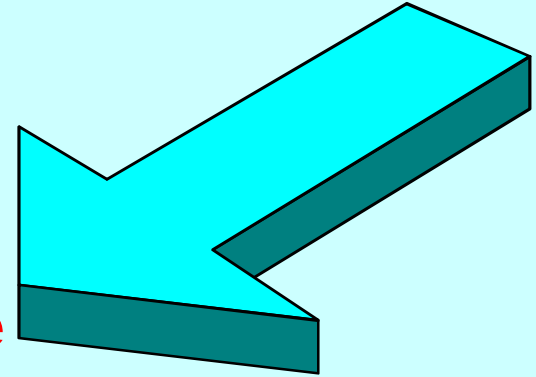
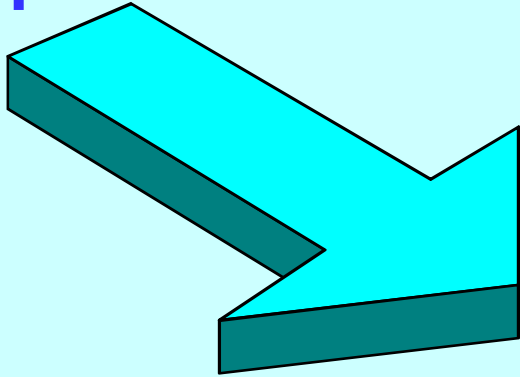
- UK household PL in 2005 reaches 33.7% share by volume, and by value grows slightly
- UK personal care PL\* grows 5.7% to 17.0% by volume in 2005 despite small value decline
- CE Household PL grew volume share across all markets in 2004
- CE Personal care PL also grew volume share in 2004 across all markets although from a lower base
- The discount format has continued to increase its share of the European Grocery market to 17.8% in 2004

\* McBride core sectors excluding skincare and hair colourants

# Operations

Footprint

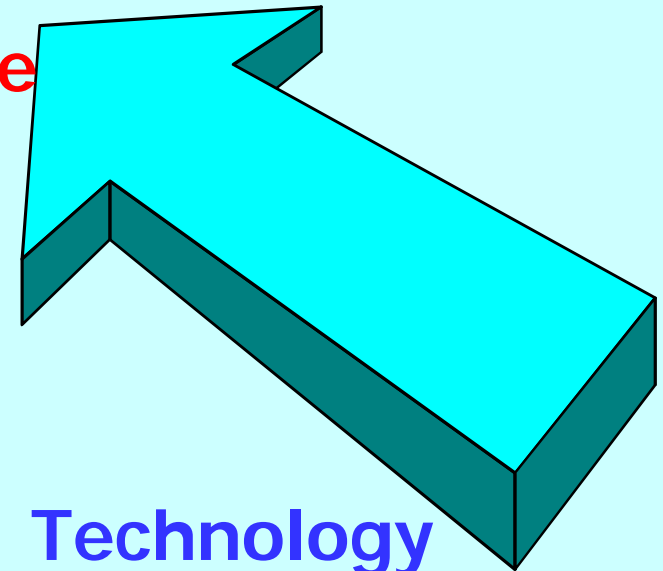
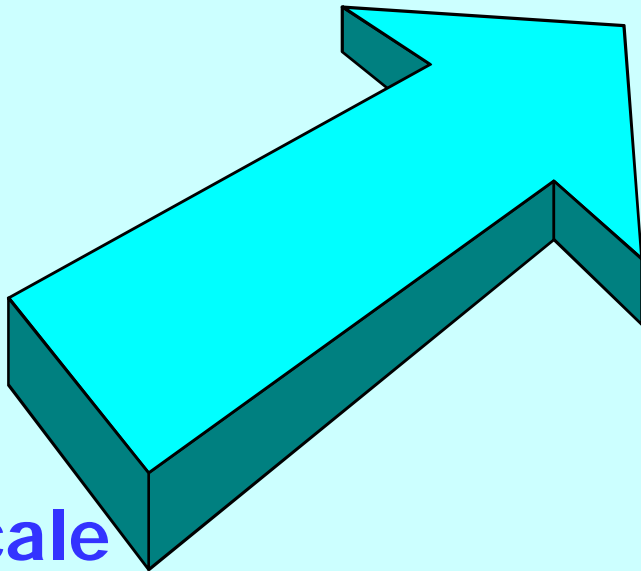
Efficiencies



Reduce Cost base

Increase asset Utilisation

Improve Service



Scale

Technology



# Management



# Way Forward

- Change organisation
  - Strengthen Management and Structure in Europe
  - Bring in outside talent as required
- Provide clear Objectives and Direction for each Business
  - Focus Business units on meeting Objectives
  - Reduce cost base / improve service
  - Focus on under performing assets / high performing assets
  - Target acquisitions to optimise potential
- Cash / Funding
  - Drive Cash Generation
  - Refinance Group to underpin growth strategy

# Summary

- Current trading environment is challenging
- PL market continues to grow
- McBride will maintain focus on HH and PC private label sector
- Opportunities exist for organic growth supported by internal investment and disciplined acquisitions
- Continue improvements in operational efficiency and competitiveness
- Maintain focus on trading performance and cash generation
- Strong financial platform to underpin growth and development

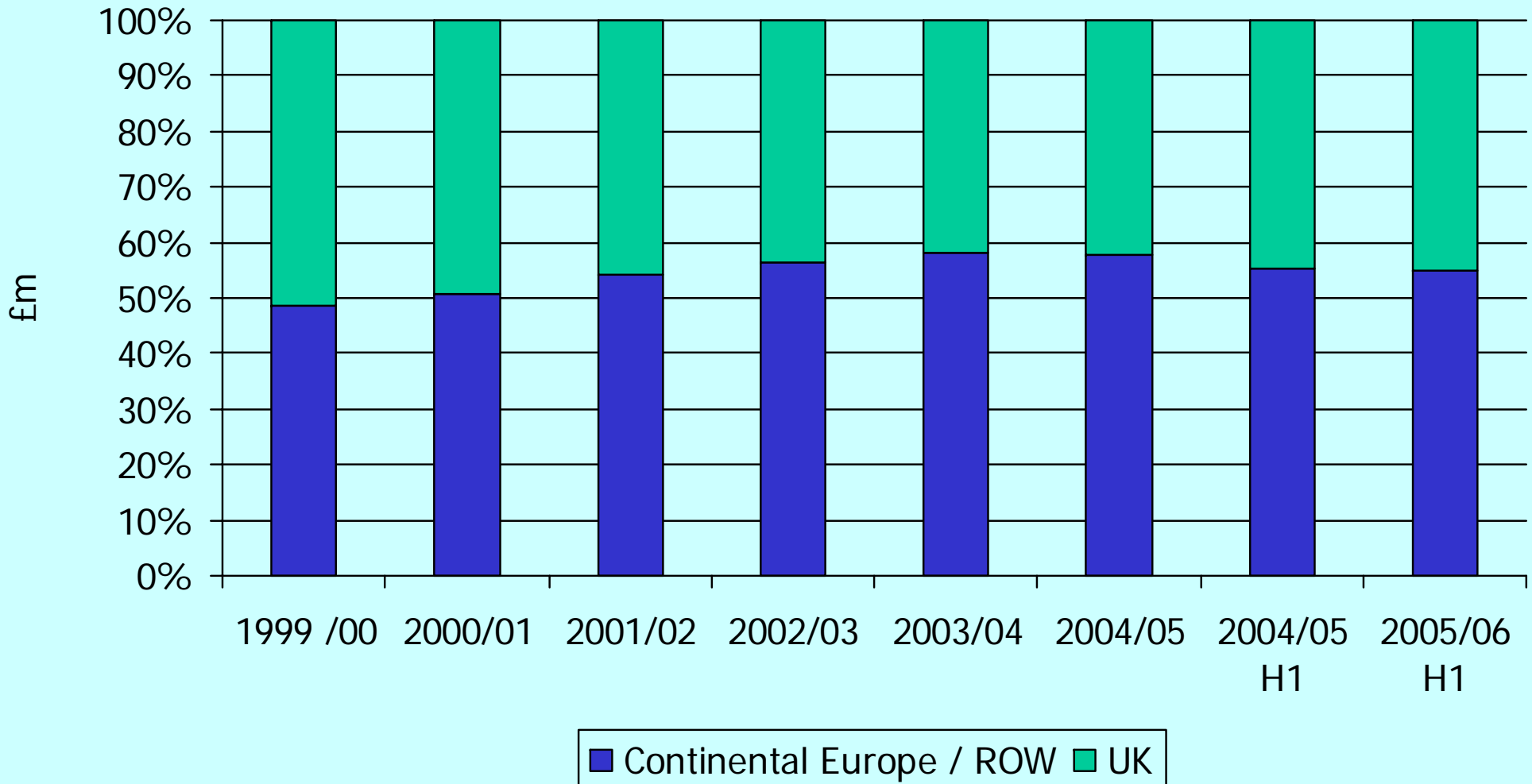
# Current Trading and Outlook

These results are in line with our expectations and have been achieved during very competitive market conditions and at a time when the performance of our Continental European business was disappointing. The initial findings from a comprehensive business review show good opportunities to improve trading performance with substantial effort currently focused on improving customer service and operational efficiency.

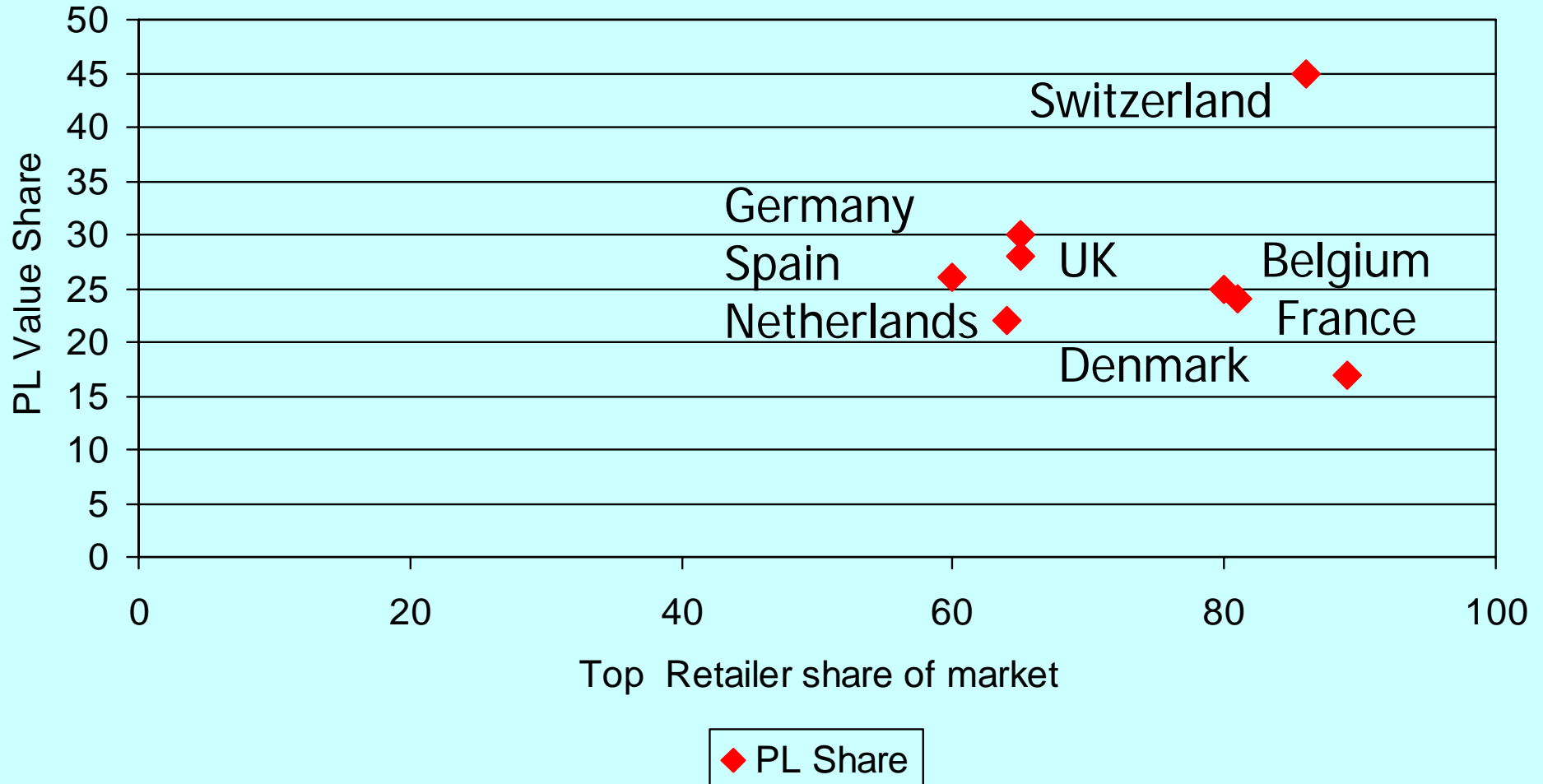
Trading since the end of the half year has remained challenging but in line with our expectations

# Appendices

# UK growth offsets weaker European sales

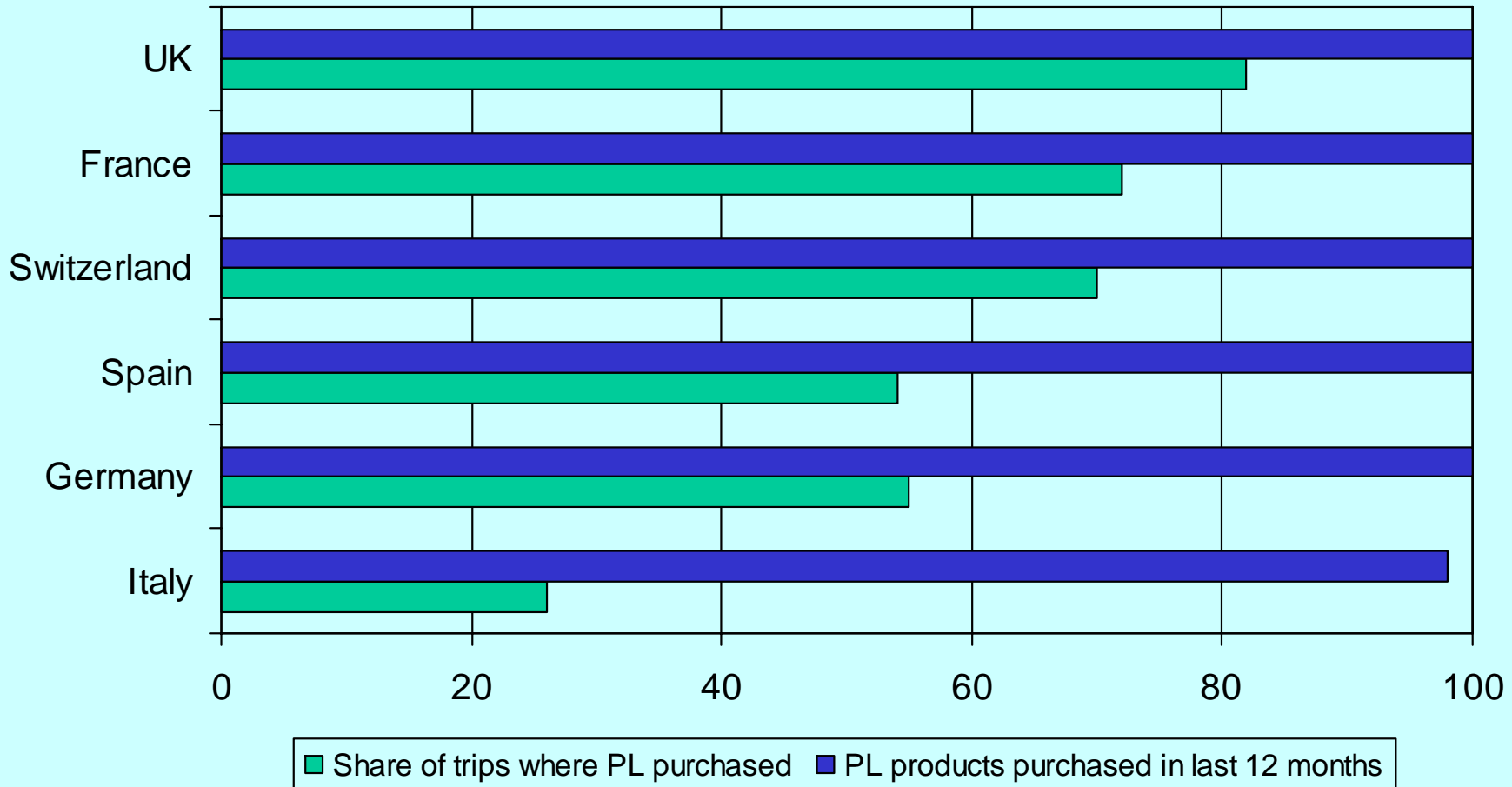


# Private Label share correlates with Retailer concentration



Source : The Power of Private Label 2005 AC Nielsen

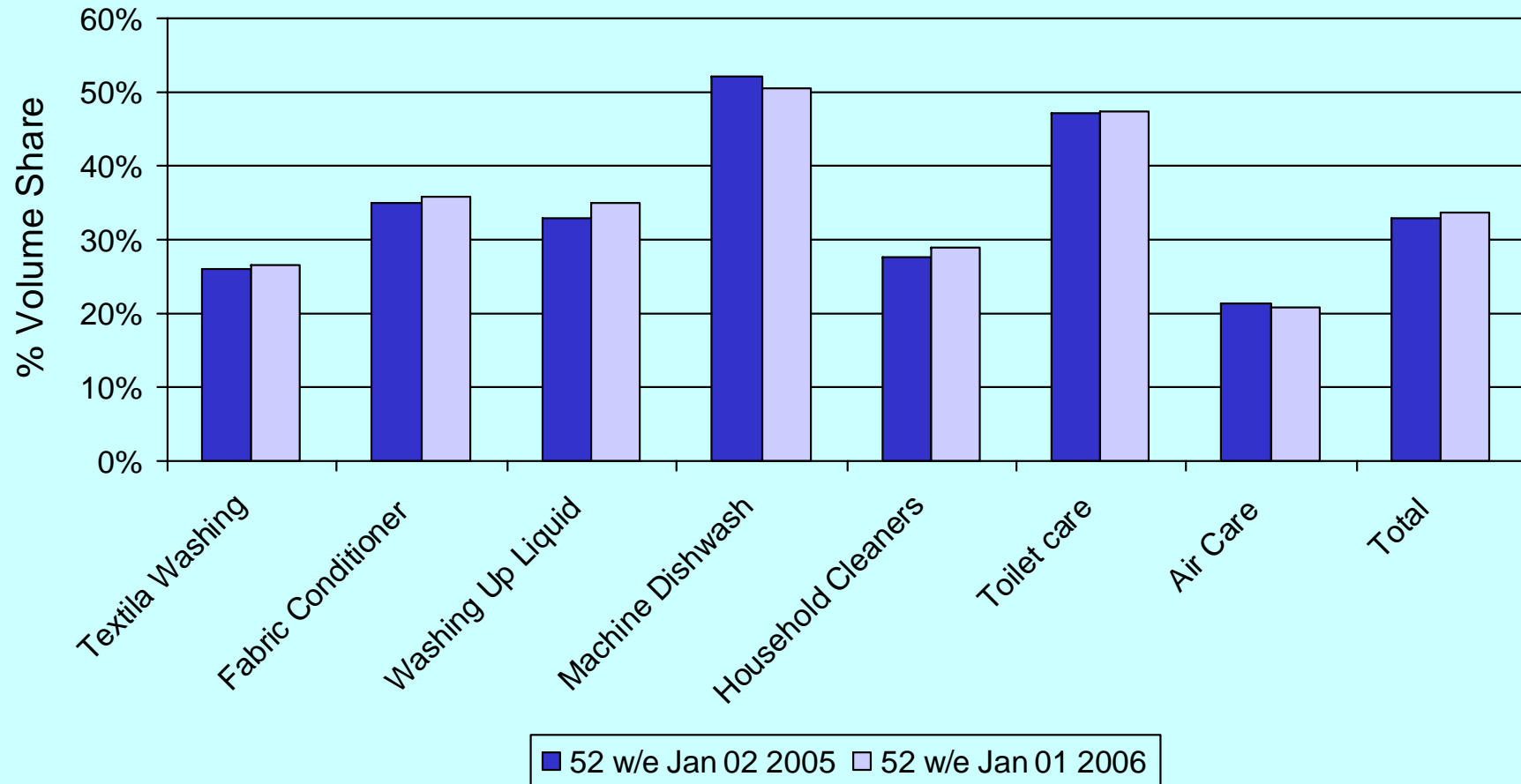
# In Europe Private Label products were purchased by nearly every household



Source : The Power of Private Label 2005 AC Nielsen

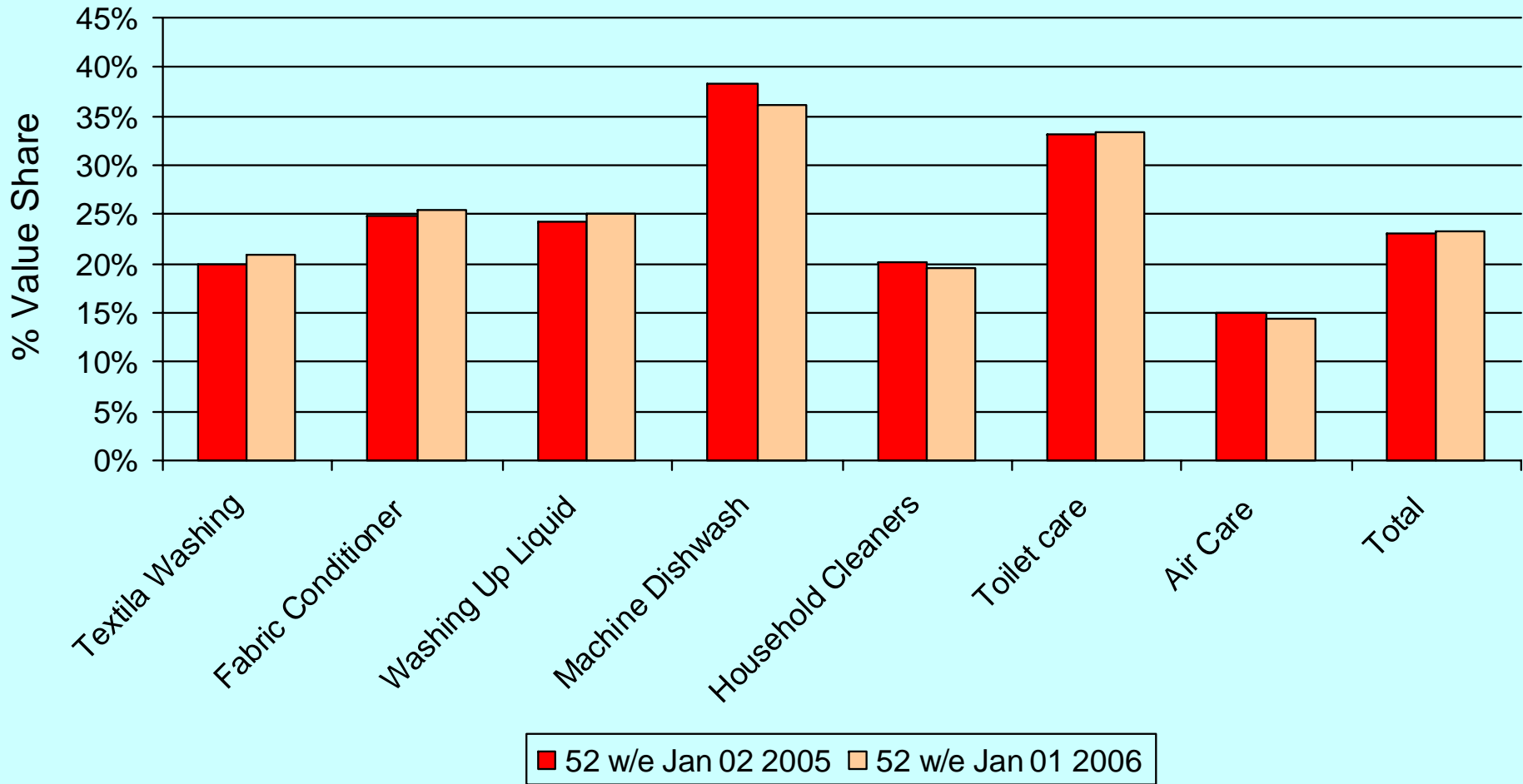


# Private Label increases to 33.7% volume share of UK Household market



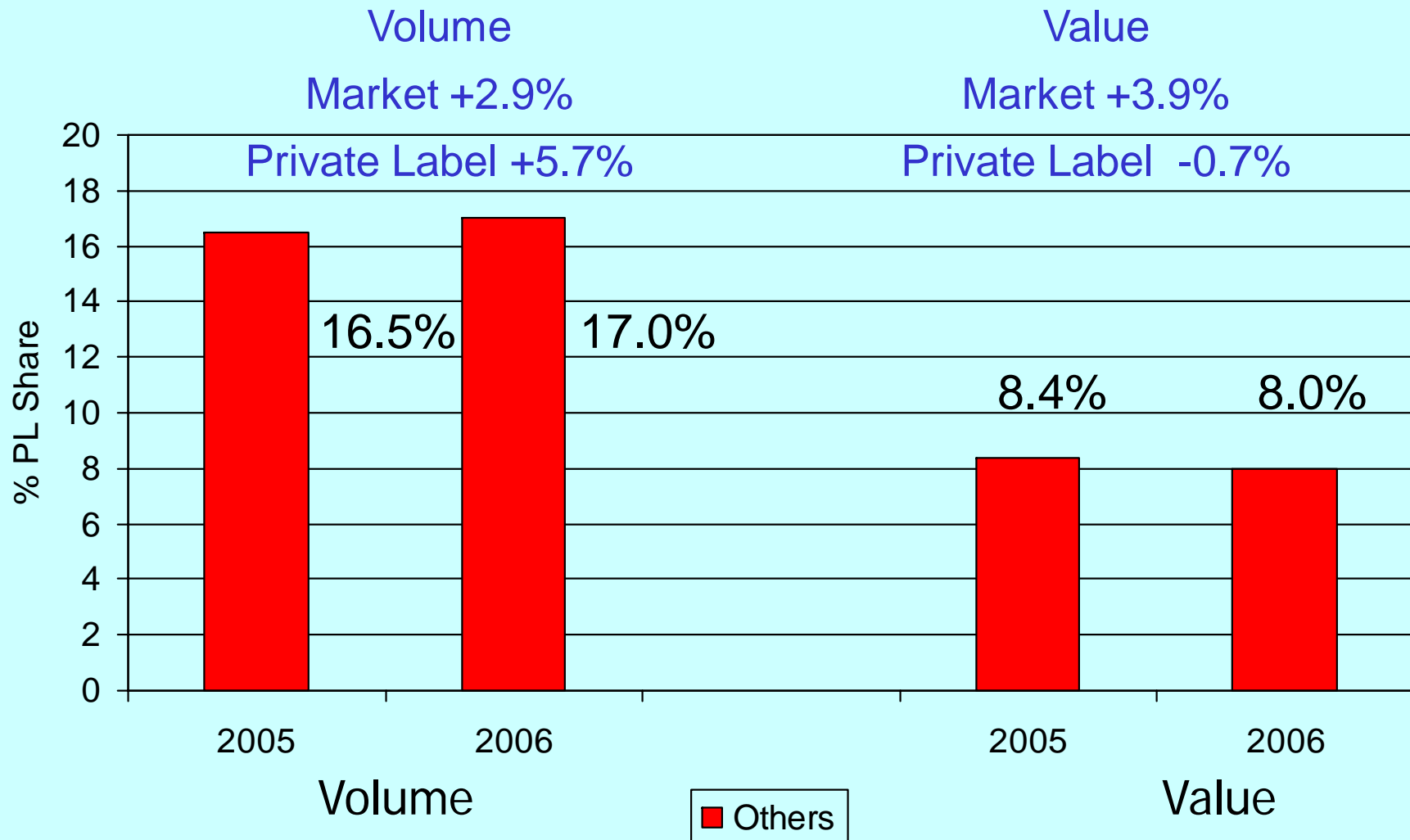
TNSofres data: 52 weeks ending Jan 06

# Private Label also improved value share of UK Household during 2005



TNSofres data: 52 weeks ending Jan 06

# UK Grocery PL Personal Care showed volume growth but lower price deflation



\* McBride core Grocery markets excluding skincare and hair colourants sectors and Boots

# The Discount sector reached 17.8% of the European Grocery market in 2004

