



*Passionate
about
Private Label*

Preliminary Results
Presentation

6 September 2011



Introduction

Iain Napier - Chairman



Introduction

- A creditable performance in a highly challenging environment
- A year of sustained material cost inflation
- Full year dividend maintained at 6.8p per share
- Refresh strategy review confirmed the opportunity for delivering further value from Private Label growth
- Board changes announced



Summary

Chris Bull



Summary

- Revenue growth of 1% on a constant currency basis
- Adjusted operating profit¹ down 42% driven by the time-lag in recovering raw material cost increases
- Recovery of 2010 and 2011 material cost increases continues
- Refresh strategy being implemented to plan
- Supply chain re-structuring announced with total exceptional costs in line with plan at £21m
- Net debt of 1.6x EBITDA

(1) Adjusting items include amortisation of intangible assets, exceptional items, changes in estimates of contingent consideration arising on business combinations, and any non-cash financing costs from unwind of initial recognition of contingent consideration and any related tax.



Financial review

Richard Armitage - Finance Director



Financial headlines



	2010-11	2009-10	Y/Y	Constant Currency	
				2009-10	Y/Y
Revenue (£m)	812.4	812.2	+0%	800.7	+1%
EBITA (£m)	29.0	50.0	-42%		
EBITA margin	3.6%	6.2%	-2.6pts		
Profit before tax (£m)	22.5	44.4	-49%		
Diluted earnings per share (p)	9.3	18.1	-49%		
Payments to shareholders per share (p)	6.8	6.8	+0%		
Cash generated from operations (£m)	42.6	85.1	-50%		
Net debt (£m)	83.7	60.0	+40%		
Financial KPIs					
ROCE	14.7%	25.9%			
EBITA margin	3.6%	6.2%			
Asset turnover	4.1	4.2			

(1) All figures are before adjusting items. Adjusting items include amortisation of intangible assets, exceptional items, changes in estimates of contingent consideration arising on business combinations, and any non-cash financing costs from unwind of initial recognition of contingent consideration and any related tax



Income statement

	2010-11	2009-10	Y/Y
	£m	£m	
Revenue	812.4	812.2	+0%
Gross profit	264.8	296.8	-11%
Gross margin	32.6%	36.5%	-3.9pts
Distribution costs	(54.3)	(54.0)	+1%
Administrative costs	(181.5)	(192.8)	-6%
EBIT	29.0	50.0	-42%
Net financing costs	(6.5)	(5.6)	+16%
Profit before taxation	22.5	44.4	-49%

(1) All figures are before adjusting items. Adjusting items include amortisation of intangible assets, exceptional items, changes in estimates of contingent consideration arising on business combinations, and any non-cash financing costs from unwind of initial recognition of contingent consideration and any related tax



Regional performance - Revenue



	2010-11 £m	2009-10 £m	Y/Y	Constant Currency	
				2009-10 £m	Y/Y
UK	310.7	320.3	-3%	320.3	-3%
Western Continental Europe	405.7	414.0	-2%	403.7	+0%
Central and Eastern Europe	139.7	118.4	+18%	116.3	+20%
Asia	9.3	1.0	n/a	1.0	n/a
Sub-total	865.4	853.7	+1%	841.3	+3%
Eliminations	(53.0)	(41.5)	n/a	(40.6)	n/a
Total	812.4	812.2	+0%	800.7	+1%

(1) Revenue is by geographic origin

(2) 2009-10 figures restated for internal re-organisation of management structure

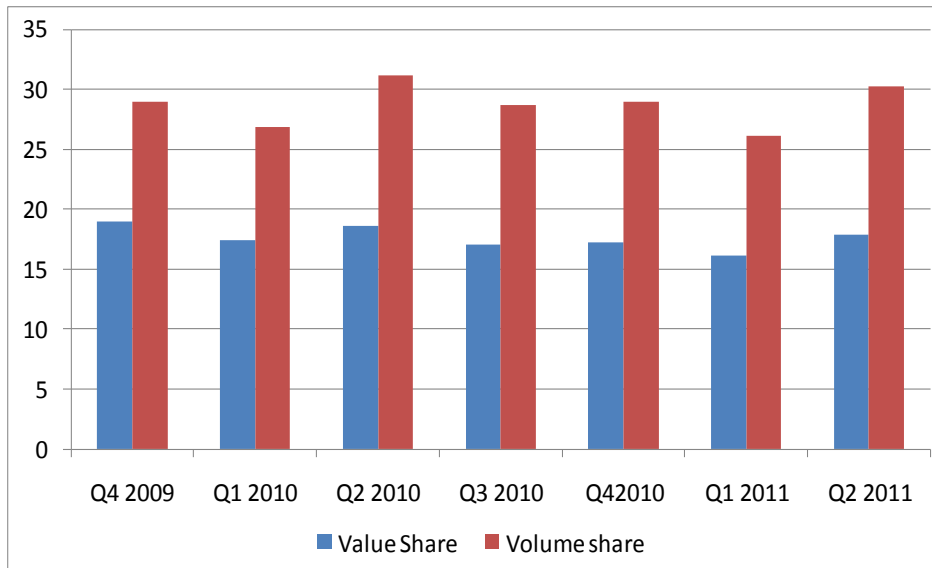


Private Label share performance in UK

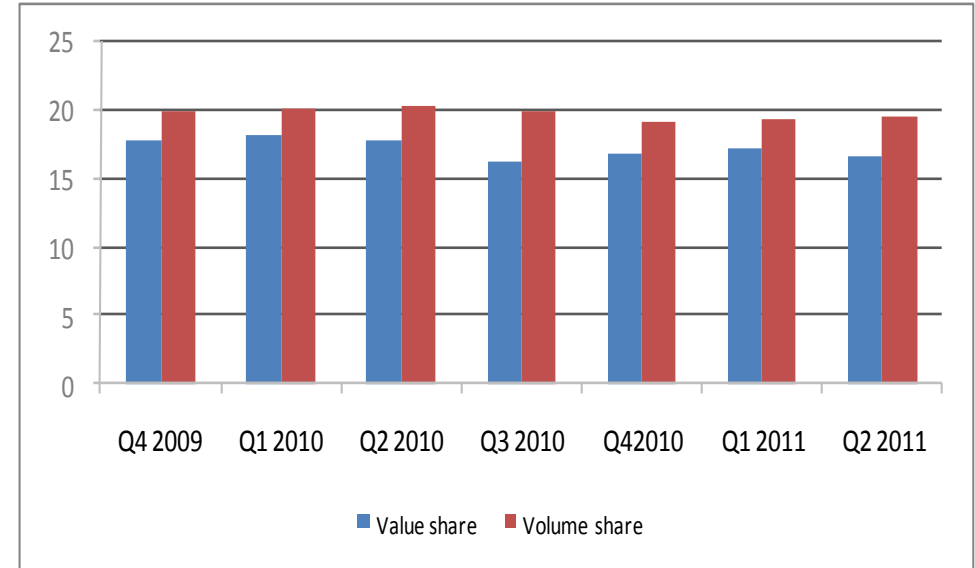
Q4 2009 to Q2 2011



Household Cleaners



Personal Care



- Private Label volume share bounce back in Q2 2011 to highest share since Q2 2010 at 30%
- Value share turnaround in Q2
- Private Labels account for 1 in every 3 purchases

- Private Label Personal Care volume share lower than Household Cleaners
- Private label volume share broadly stable for last three quarters

Source: Kantar Worldpanel

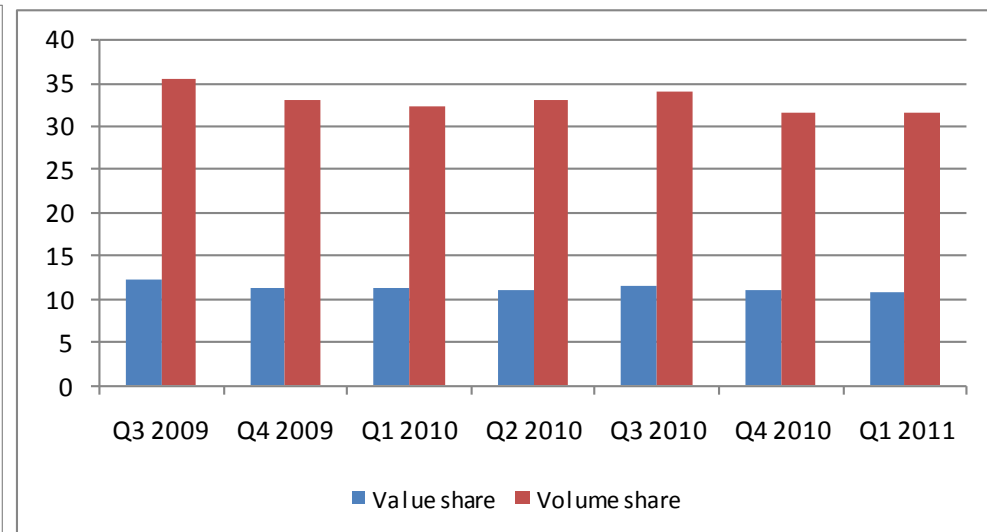
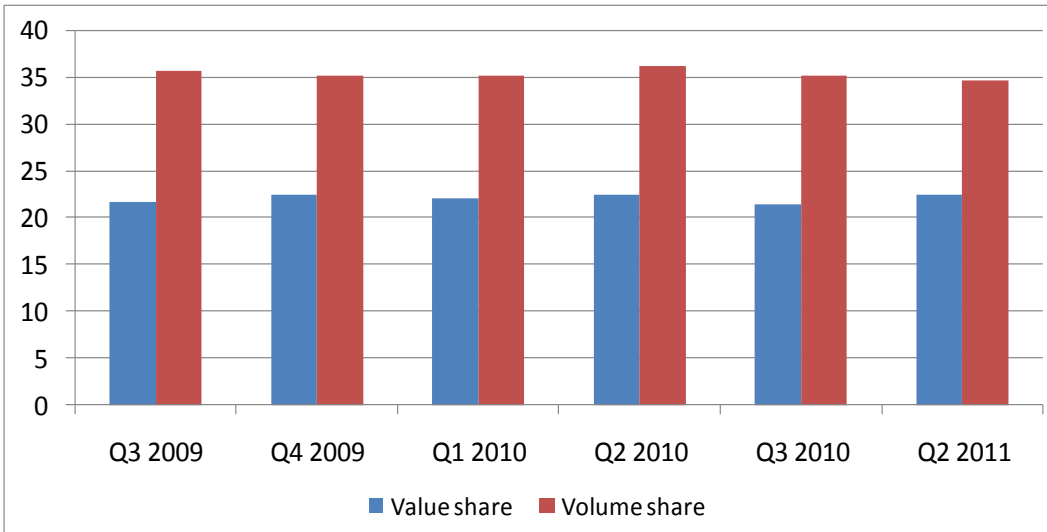


Private Label share performance in France 2009 to 2011



Household Cleaners

Personal Care



- Private Label Household Cleaners volumes in France remain robust at c 35%
- Private Label cleaners account for over 1 in 3 purchases

- Private Label Personal Care volumes in France impacted by promotional activity
- Value share performance impacted by discount and entry price ranges

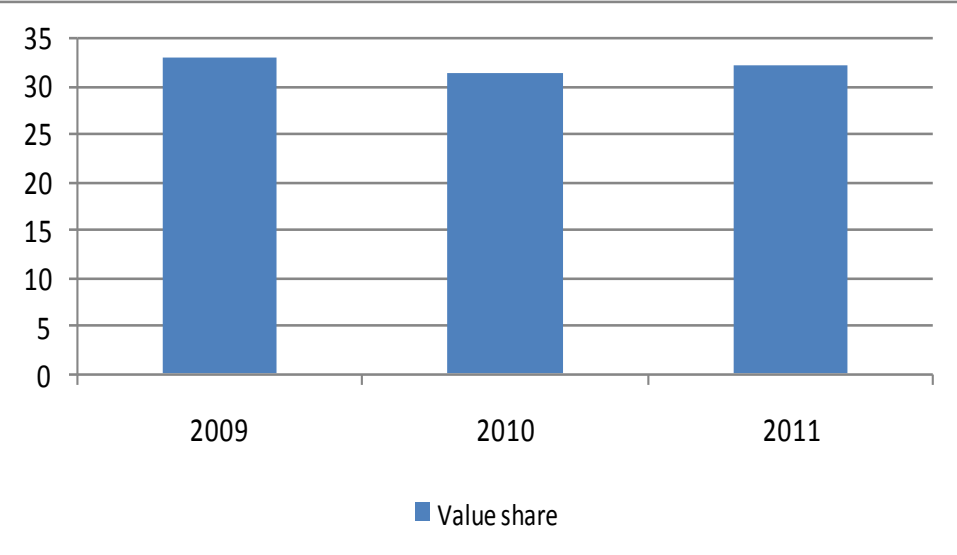
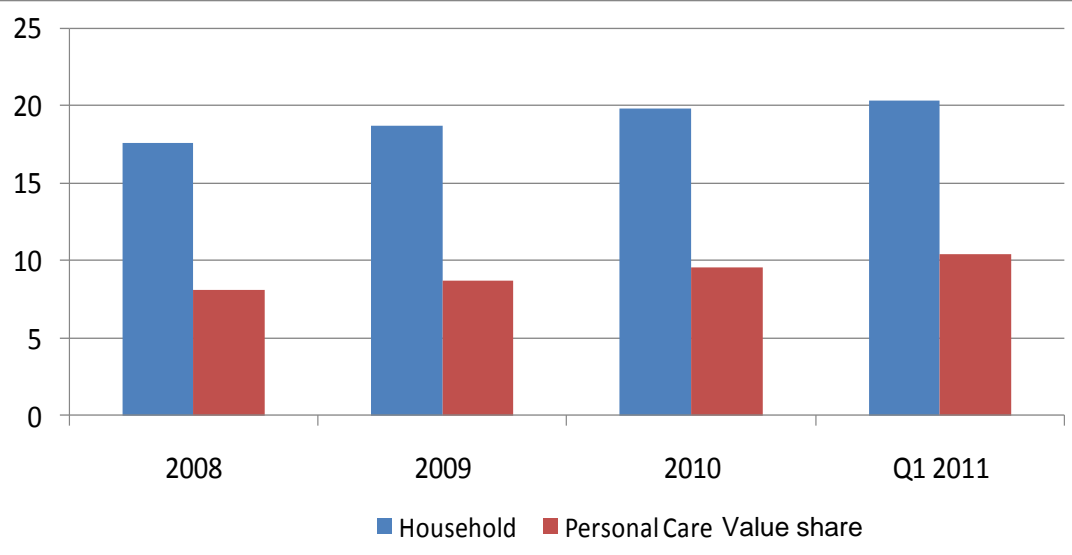
Source: Kantar Worldpanel



Private Label share performance: Italy and Germany

Italy: Household and Personal Care MAT to Q1 2011

Germany: Household MAT to June 2011



- Continuing growth of Private Label share in both Household and Personal Care in Italy
- Household value share above 20% for the first time

- Household Private Label share recovery in 2011 after dip in 2010

Source: Kantar Worldpanel



Regional performance – Operating profit



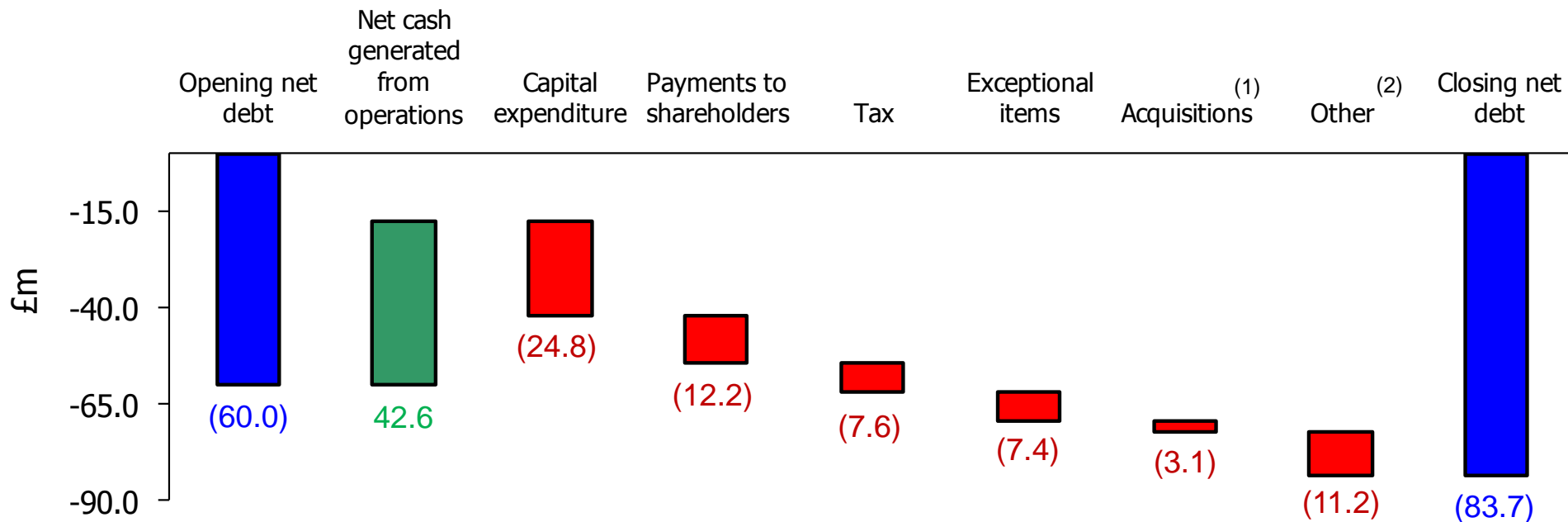
	2010-11 £m	2009-10 £m	Y/Y
UK	11.9	22.1	-46%
Western Continental Europe	15.4	28.2	-45%
Central and Eastern Europe	8.9	8.9	+0%
Asia	0.0	(0.4)	n/a
Corporate costs	(7.2)	(8.8)	+18%
Total	29.0	50.0	-42%

(1) All figures are before adjusting items. Adjusting items include amortisation of intangible assets, exceptional items, changes in estimates of contingent consideration arising on business combinations, and any non-cash financing costs from unwind of initial recognition of contingent consideration and any related tax

(2) 2009-10 figures restated for internal re-organisation of management structure



Movement in net debt June 2010 to June 2011



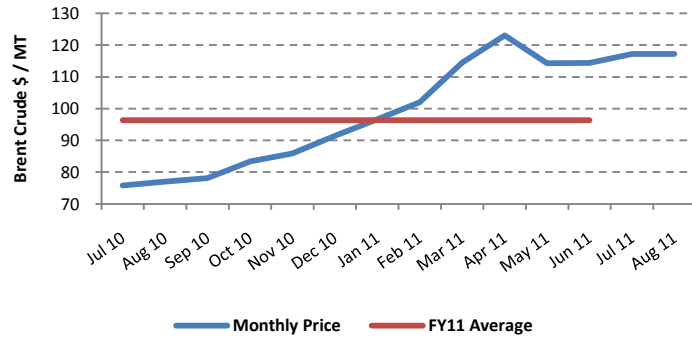
(1) Acquisitions includes £2.2m net cash consideration paid and £0.9m debt acquired

(2) Other includes finance costs and foreign exchange

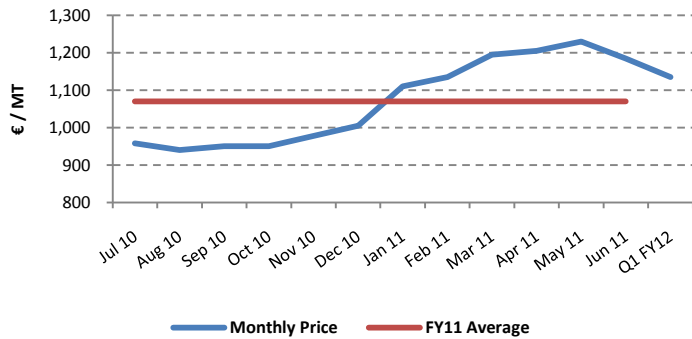


Material cost environment - continuing as expected

Oil



Ethylene

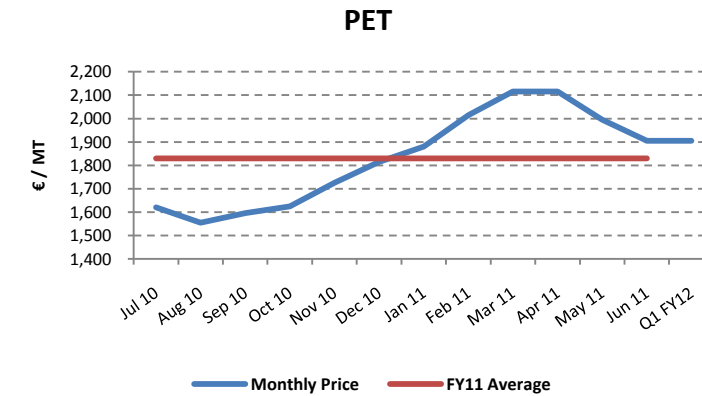
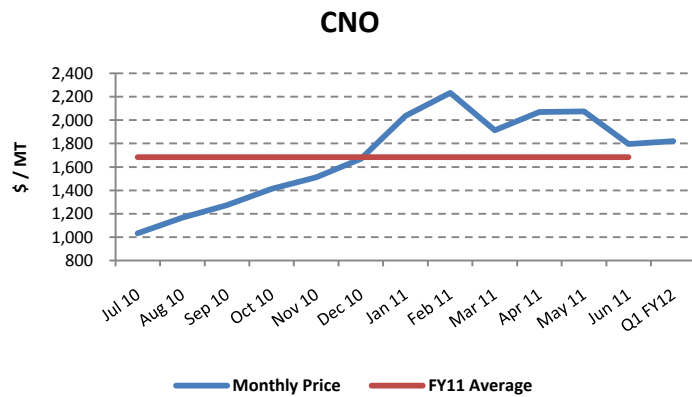
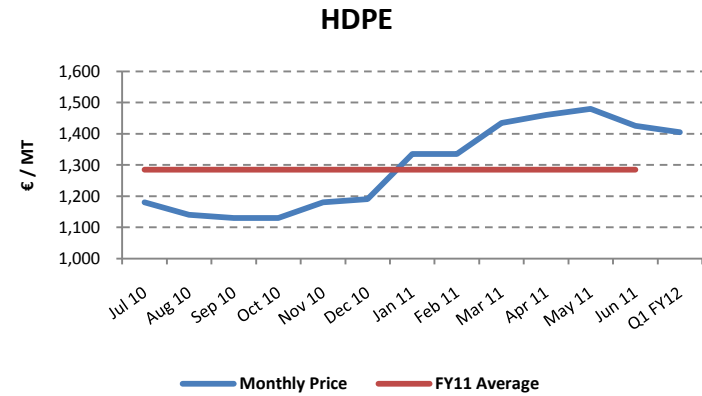
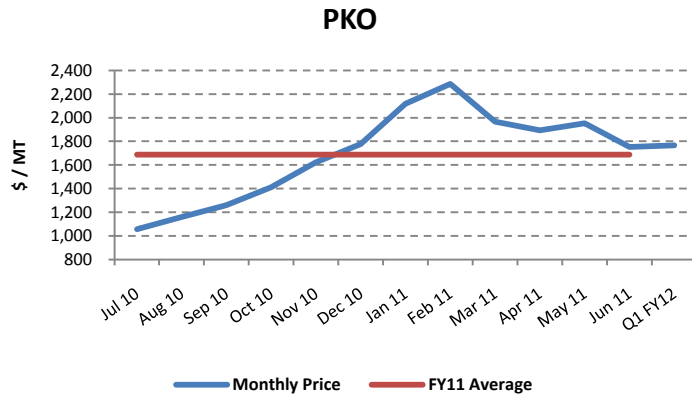


- Oil dipped in May/June but has since recovered closer to \$120/barrel
- Ethylene dipped temporarily as a consequence bringing some short term benefit to Q1 surfactant and plastics prices
- Weakening of global economic outlook is having a slight deflationary influence
- “As previously forecast, current feedstock prices suggest a marginal increase in material input costs in the current year”

Market price sources: CMAI, ICIS



Some feedstock prices have declined ...

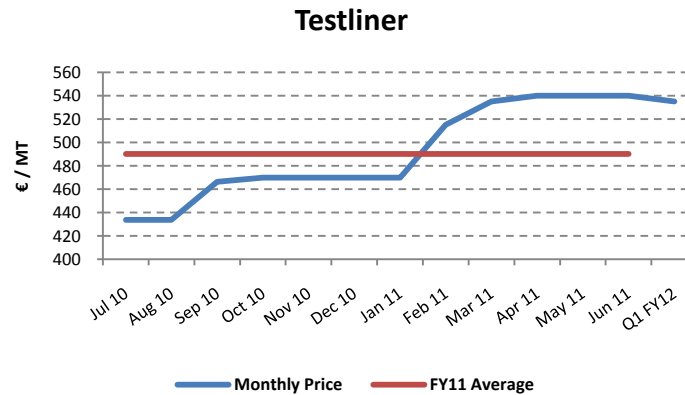
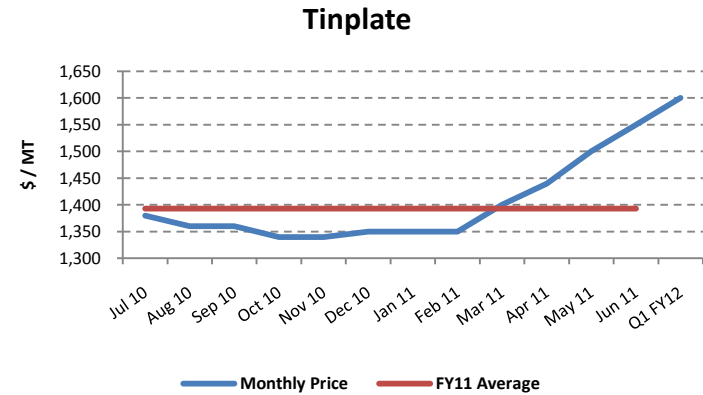
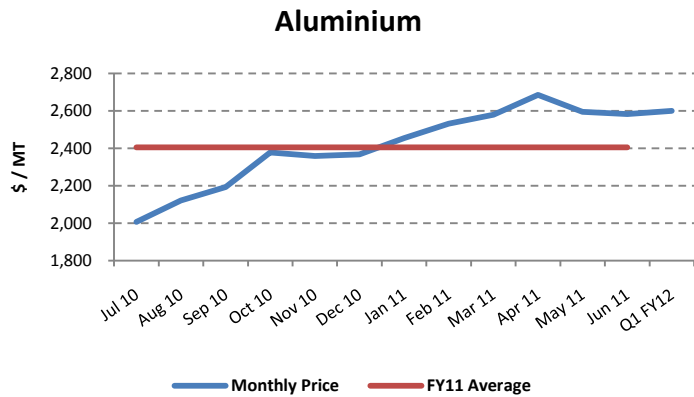


Market price sources: ICIS, Malaysian Government, McBride forecasts

... but remain slightly above our FY11 average ...



... while others continue to rise



Market price sources: London Metal Exchange, EUWID, Metalbulletin Research, McBride forecasts



Re-structuring

- Total exceptional charge of £12.3m comprises:
- Final elements of previously announced re-structuring in Italy:
 - Cost £2.8m including asset write-down of £1.6m
 - 2010/11 projects delivered to plan and benefits ahead
- Refresh re-structuring announced in UK:
 - Cost £9.2m including asset write-down of £3.2m
 - Total programme exceptional charge expected to be in line with plan at £21m, with cash costs of £13m



Project 'Refresh' update

Chris Bull



Agenda



- Positioning McBride to maximise the potential
- Project 'Refresh' – Progress to date
- Summary
- Q&A



Positioning McBride to maximise the potential



Private Label dynamics

- Attraction of lower prices and value for money for consumers
- Attraction of higher margin products for our retail customers
- Retailer differentiation and loyalty building remains key
- Private Label and A Brands gain share at the expense of secondary and tertiary brands
- Further opportunities for segmentation at both economy and premium ends
- Continuing growth opportunity in both developing and emerging markets



Project “Refresh”: From Good to Great

A Fundamental Business Review...



Key Strategic Actions

- Organisational Change
- Category review
- Improve competitiveness and efficiency
- Exploit new opportunities



Our planned business



Growth markets with scope for market share gain

Robust business model with strong product offerings and expertise

Strong balance sheet enabling acquisitions and geographic expansion

Plus:

A rationalised and enhanced operating platform

Increased customer responsiveness and flexibility

Solid architecture for product and geographic expansion



Implementation roadmap : What we said

Within 12 months:

- Complete organisational changes
- Implement first Group-wide category investments
- Complete next phase of manufacturing rationalisation
- Perform Lean Manufacturing assessment at key sites
- Continue expansion in Developing and Emerging markets

Within 24 months:

- Achieve full run-rate of Supply Chain savings
- Further cost saving opportunities
- Continue geographic expansion



Project 'Refresh' – progress to date



What we have done: Organisational change

Customers

- Top to Top meetings held with 25 + leading retailers in UK, Europe and the Asia
- 11 International Customer teams established
- Category management workshops being implemented

Responsiveness

Product Development

- Group leader of R & D appointed
- 4 Categories Leaders and 4 Category Development Leaders appointed for Core growth categories
- 3 centres of excellence established
- Packaging Group established

Speed to market

Supply Chain

- Group Head of Supply Chain programme appointed
- Rationalisation of manufacturing footprint
- Lean Manufacturing assessments at key sites undertaken
- Streamlining of Support structures

Competitiveness

To leverage size, scale and capabilities



What we have done: Category review



Focus on Growth Categories

- **3 Core Growth Categories**
(characterised by market position, growth, technology and margin potential)
 - Laundry liquids
 - Machine dishwashing
 - Specialist cleaners
- **Future Growth Categories**
(offering broader product range and increasing Private Label penetration)
 - Skin care
 - Air care (non aerosol)
 - Male grooming
 - Mouthwash
- **Ongoing management of established categories**



What we have done: New product development



Laundry Liquids

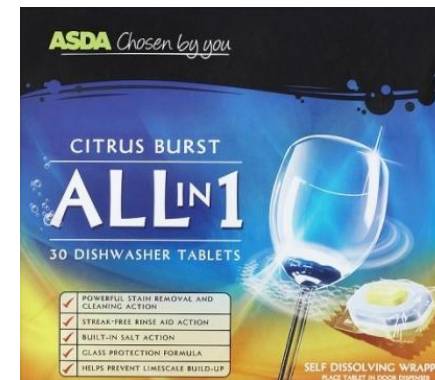


- Concentrated laundry liquids new bottle concept launched in UK
- Laundry Liquid sachets launched into the French and Italian markets

Machine Dishwashing



- Europe's first triple layer 'tab in tab' format
- Dishwashing Gel launched in Italy



What we have done: New product development



Speciality Cleaners

- 24 hour germ kill anti – bacterial trigger cleaner launched in UK using Byotrol™ technology



Air Care

- Nitrogen based fresheners now account for 30% of air freshener sales
- Launch of Trigger freshener in Germany



Skin Care

- New skin care concepts developed for anti-aging, mens and teen segments

Male Grooming

- Private Label Male grooming range launched in Australia



What we have done: Manufacturing rationalisation

UK Liquids

- Consultation on closure of UK Household liquids site announced
- Transfer of production to 2 UK remaining liquids sites and Poland

Machine Dishwashing Europe

- Focusing of Machine Dishwashing production in Europe
- Impacted sites: Moyaux in France, Foetz in Luxembourg
- Foetz to become centre of excellence for Machine Dishwashing

Summary of Project economics

One-off pre-tax exceptional charges £21m

Cash expenditure £13m

Annualised savings £7m



What we have done: Lean manufacturing

Lean Manufacturing

- Lean assessments completed at all sites
- Year 1 target savings of £1m confirmed with action plan
- Lean examples:
 - In-line blowmoulding – Etain
 - Factory production flow Estaimpuis
 - Stock reduction – Bradford

Reviewing

- Direct labour improvements
- Material usage improvement
- Overhead savings

Estimated cumulative benefit of £6.0m

• Year 1	£1.0m
• Year 2	£2.0m
• Year 3	<u>£3.0m</u>
	£6.0m

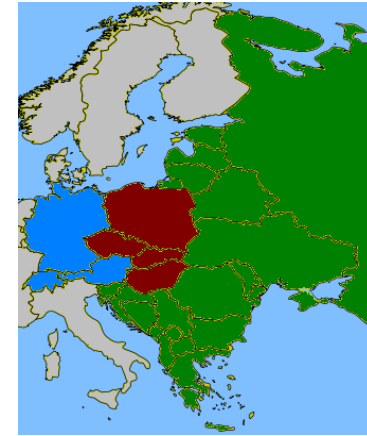


What we have done: Geographic expansion CEE



Central Eastern Europe CEE

- CEE Division scale and commercial activities strengthened
 - Integration of Germany, Austria, Switzerland Business units into McBride CEE
 - Integration of Brno skin care acquisition
- Strong CEE sales development up 20% constant currency basis
- Positive Private Label dynamics in the region
 - Growing importance of discount channel with Private Label offer
 - Growing importance of Personal Care private Label in CEE region
- Successful launch of Air freshener concept



-  BU Germany, Austria, Switzerland
-  BU Poland, Czech, Slovakia, Hungary
-  BU East



What we have done: Geographic expansion Asia



Integration and growing scale



- Integration of Fortlab (Malaysia) and Newlane Cosmetics (Vietnam) into McBride Asia
- China factory expanded to include Household liquids
- Key Top to Top customer meetings with Multinational retailers in the region
- Private Label contract successes, Hong Kong, Malaysia, Thailand, Taiwan and Singapore
- Private Label contract gains in Australia
- Launch of McBride Brands in Hong Kong
- Asia sales growing steadily



KPIs

		2009-10	2010 -11
Growth	Organic revenue growth	0%	0%
	Private Label Penetration ⁽¹⁾	22.9%	22.9%
	% Revenue from D&E Geographies	7.2%	9.1%
	% Revenue from Core Categories	46.0%	47.8%
Efficiency	Overheads % Sales	23.7%	22.3%
	Fixed Asset Turnover	4.4	4.4
Financial	Operating Margin	6.2%	3.6%
	Cash Conversion (Free cash Flow)	£45.9m	£5.9m
	Cash Conversion %	91.8%	20.3%
	Debt Cover	0.8 X	1.6 X

(1) Average of UK, France, Italy and Germany Household Private Label value share Source Kantar and management estimates

Summary



Summary

- Results in line with expectations
- Project Refresh is fully on track and starting to deliver
- Trading since the year end has been in line with expectations
- We remain totally convinced by the long term attractiveness of Private Label as a growth consumer market
- Full year dividend maintained at 6.8p per share



Q&A



Appendices



The Private Label opportunity

Private Label Growth Drivers

Consumers seek value for money

Retailers continually looking to differentiate offer and build loyalty

Major retailers require price-competitive products to improve value stream

Private Label manufacturers developing innovative products

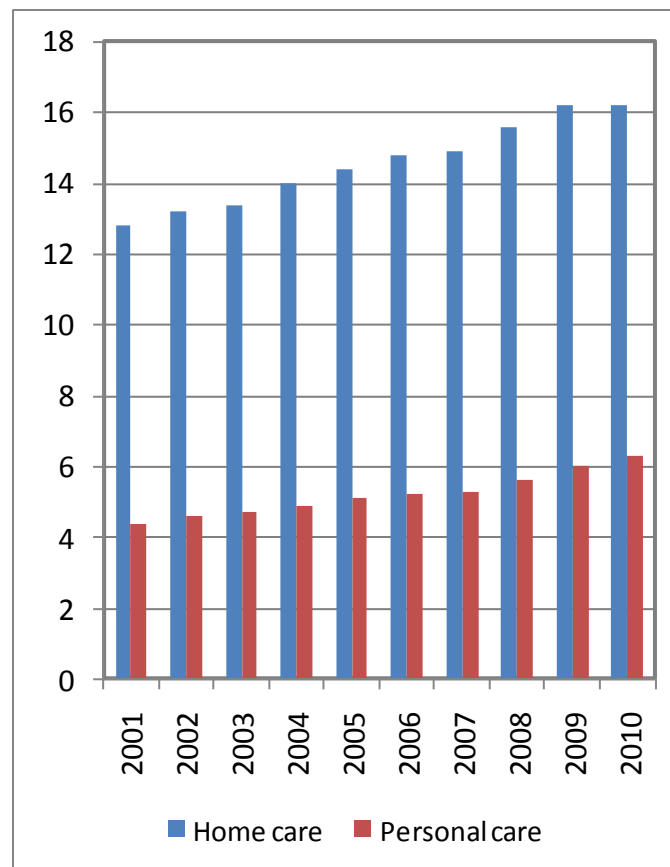
Retail concentration & globalisation

Demand for Private Label products

Private Label share

Western European markets

% Value Share



Source: Euromonitor International

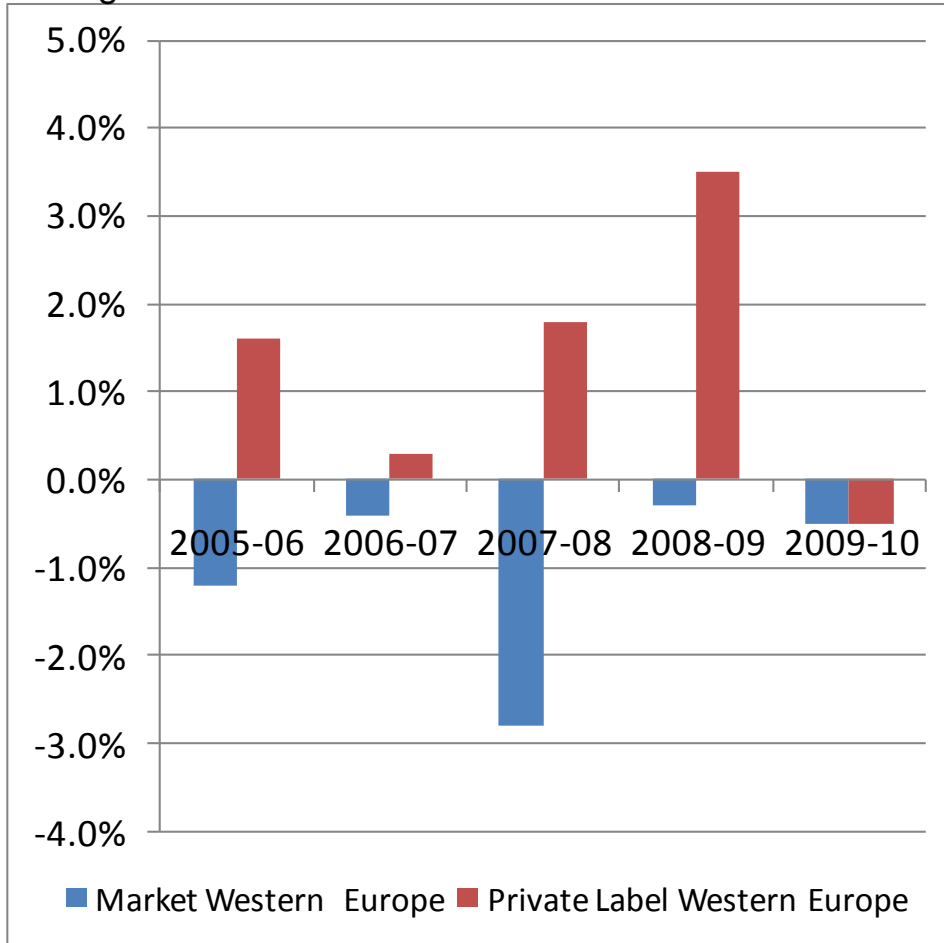


Household Private Label growth spreading across Europe

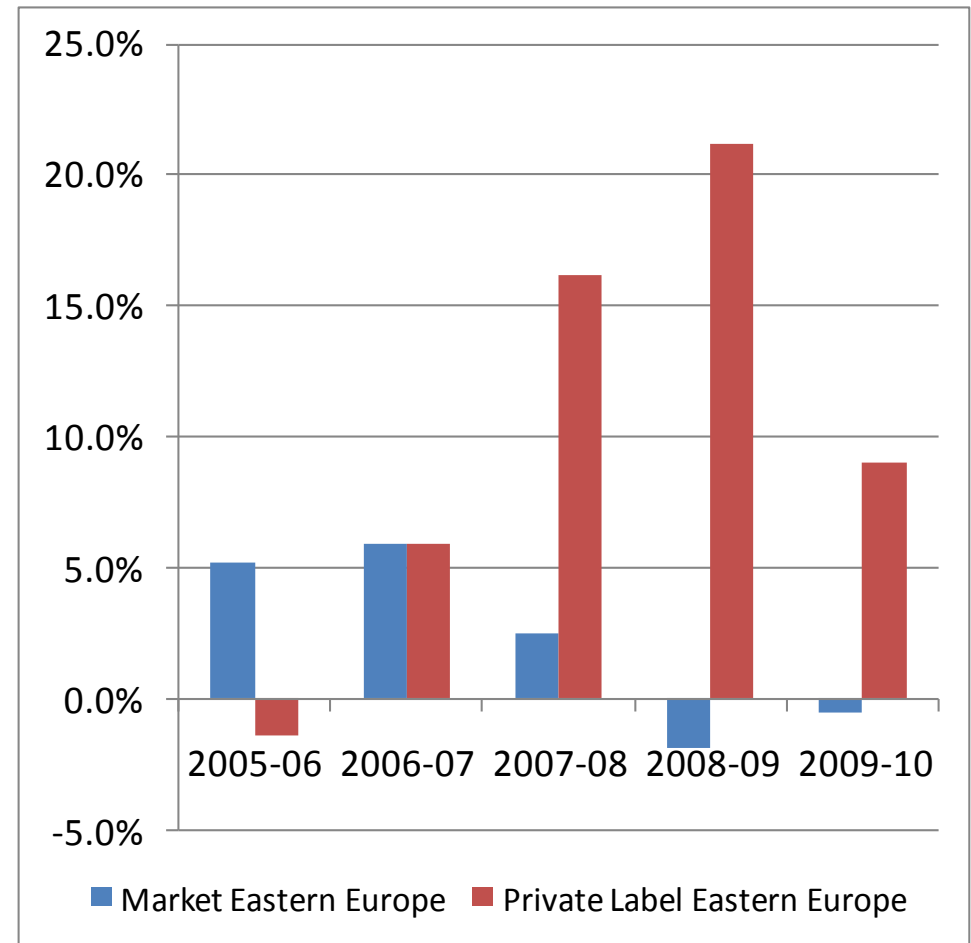


Western Europe

Value growth trends %



Eastern Europe



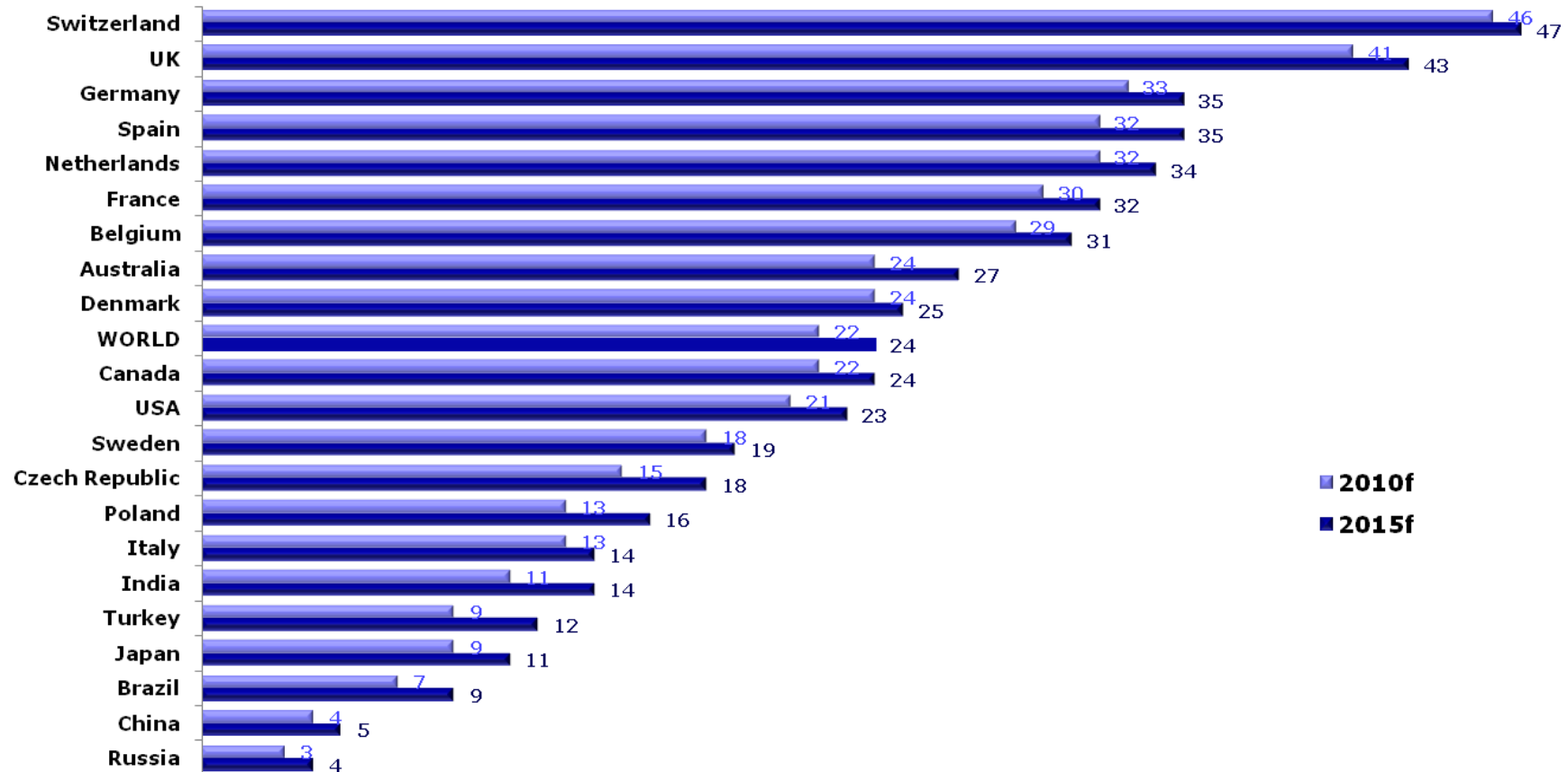
Source: Euromonitor International



Private Label forecast to grow in all markets



Global: Private Label Penetration by Value, 2010-2015 (%)



Note: Based on selected mature and emerging markets; f - forecast. Estimated shares of MGD sales; may exclude fresh produce.
Source: Planet Retail Ltd - www.planetretail.net; partly based on Nielsen and GfK



Private Label Category development Machine Dishwashing



Achieved through the application of:

- Category understanding
- R&D
- Product development
- Manufacturing capability



Category review – Core growth categories



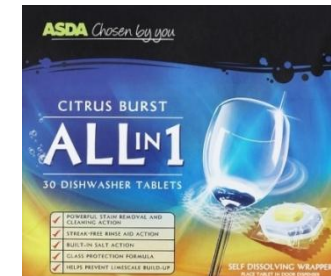
- Laundry liquids

- c €3bn pa market - category growing at the expense of powders and tablets
- Expected to overtake Powder sales by 2012
- McBride has established position in gels and sachets
- Opportunity to leverage scale and grow Private Label share



- Machine dishwashing

- Growing market worth c €2bn pa driven by increasing dish washer ownership
- Established Private Label propositions based on “Tab in Tab” and “soluble sachets”
- Opportunity to drive Private Label share through new product development (NPD)
Launch of Private Label Machine Dish wash Gel in Italy



- Specialist cleaners

- €1bn pa market driven by consumer hygiene awareness & buy-in to the trigger format
- Build on scale economies in triggers and drive NPD on cleaning performance



Category review – Future growth categories



• Skin care

- c€15bn pa market driven by growth of facial skincare
- Exploit Brno skincare capability into core UK and European customers



• Air care (non aerosol)

- Total air care market worth €1.9bn pa but very fragmented
- Overall category most impacted by economic downturn
- Exploit McBride position in higher growth innovative electric and timed release product formats



• Male grooming

- Male grooming sector estimated at c €3bn pa and growing rapidly
- Exploit McBride position in shave gel and growing demand for male skin care

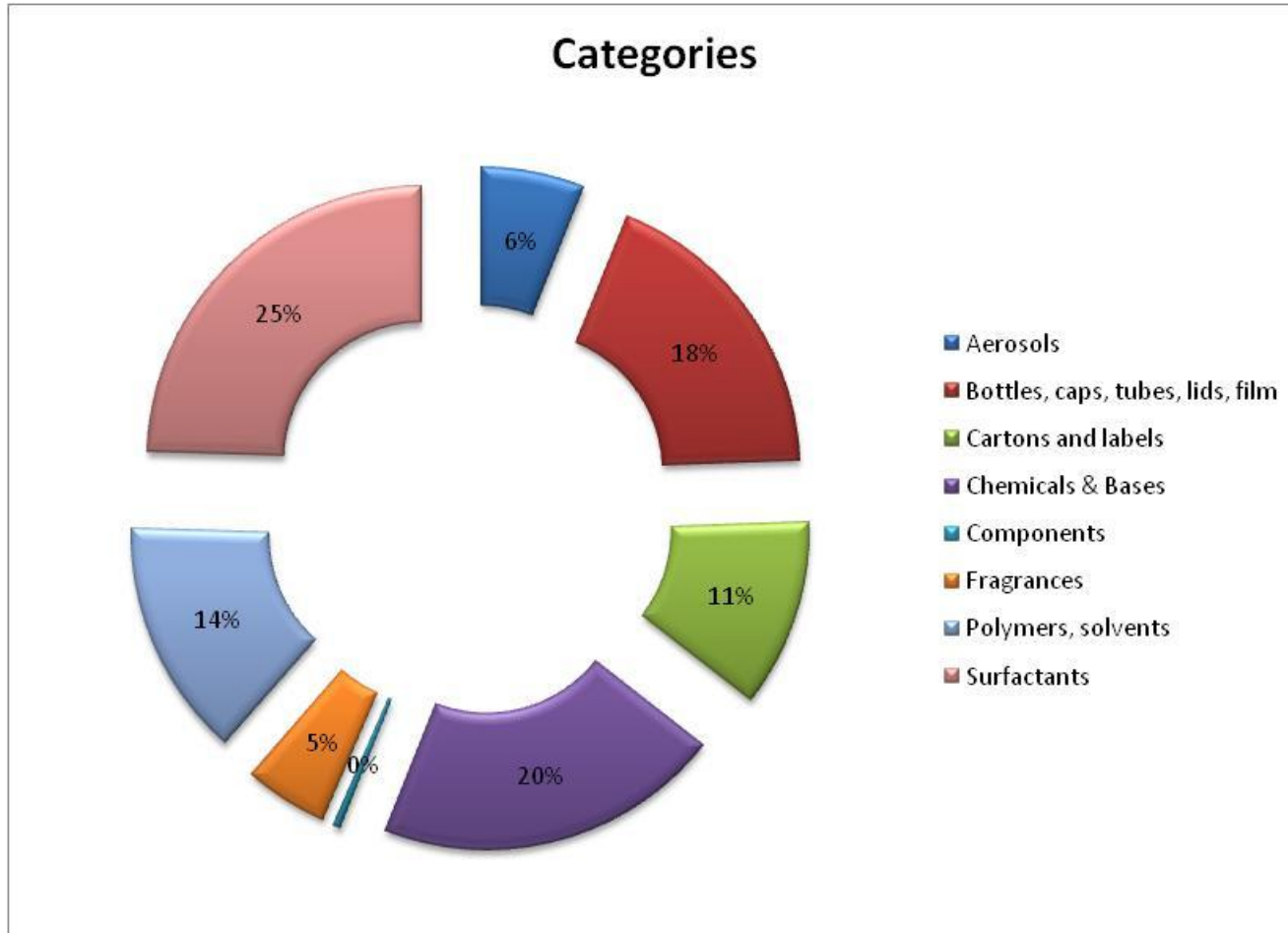


• Mouthwash

- Mouthwash usage is growing rapidly on back of oral hygiene awareness
- West European market worth €800m pa
- Exploit McBride competence in WCE, CEE, and Asia



Material purchases



Based on April Budget FY11/12

