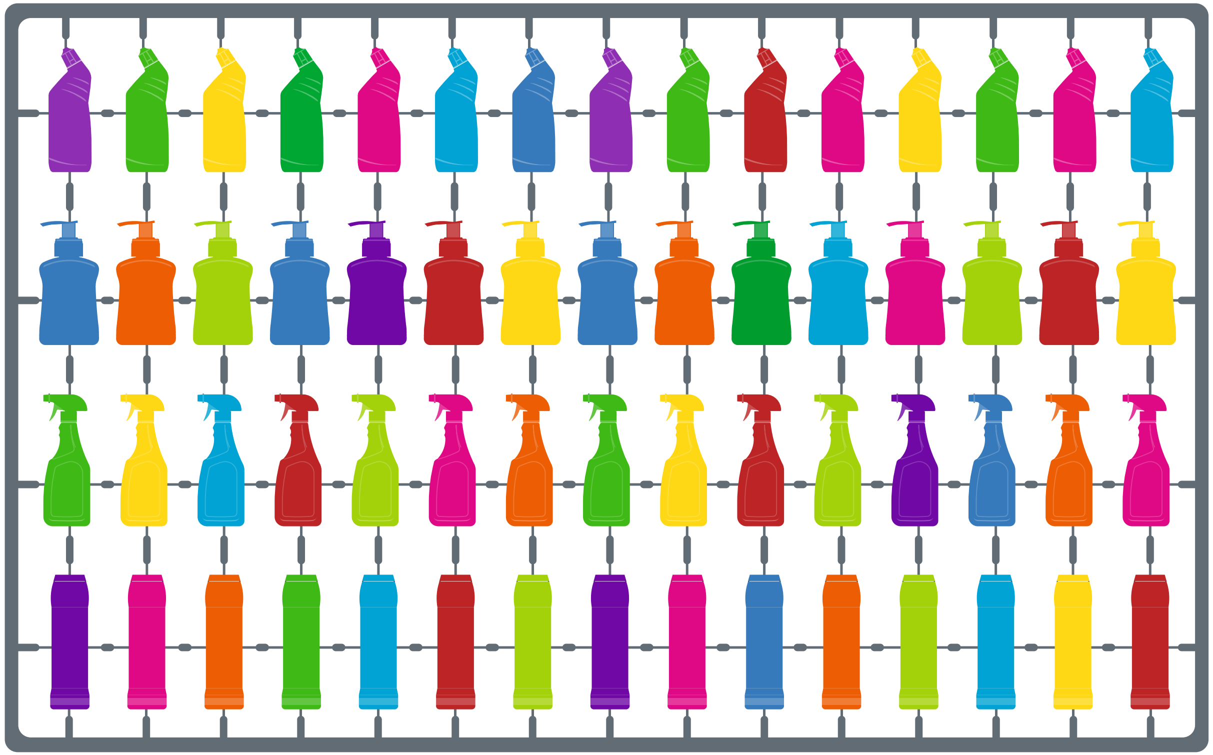
McBride
Manufacturing our future



Interim results presentation

Six months to 31 December 2016

Rik De Vos & Chris Smith

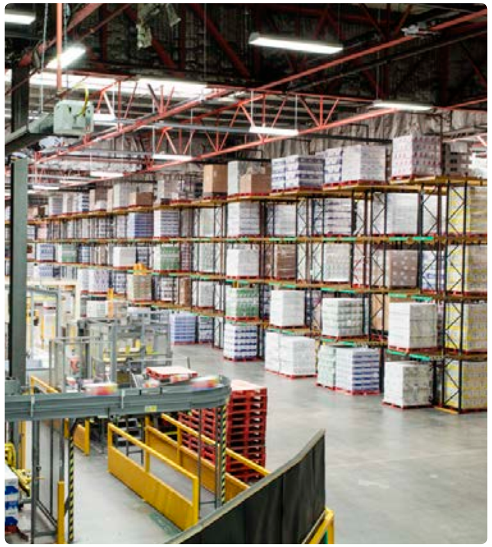
22 February 2017

Agenda

1. Headlines
2. Repair, Prepare, Grow timeline
3. Market update
4. Commercial results
5. Achievements
6. Financial update
7. Prepare – strategy update
8. Outlook

Appendices

Financial schedules




Prepare phase – on track
Quality of earnings continuing to improve

Strategic
- Growth strategy and associated capital expenditure plans mostly complete
- Board considering expressions of interest to acquire the Group's Aerosols activities

Tactical
- Key feedstock prices have moved higher in recent months and the outlook is for further increases
- Retail dynamics remain mixed in core markets

Financial
- Adjusted operating profit £22.9 million, up 30.1% (9.6% at constant currency), margin at 6.4% (2015: 5.1%)
- Underlying revenues down 4.5% (at constant currency), "customer choices" an additional 2.5%
- ROCE further developing to 28.0%, now within our strategic target range
- Interim payment to shareholders up 16.7% to 1.4 pence (2015: 1.2p)

Reminder – Repair, Prepare, Grow
Time horizon by calendar year

2016				2017				2018				2019			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

Repair

- Key projects delivered or in final stage:
  - customer and SKU simplification
  - overhead alignment programmes
  - underperforming businesses identified, progress already in Asia
- Embed culture shift towards Manufacturing and Operational Excellence

Prepare

- Clarify and implement PCA improvements
- Define and launch the five-year growth plan
- Define and launch the supporting asset development programme
- Upgrade organisational skills and capabilities, emphasis on commercial acumen

Grow

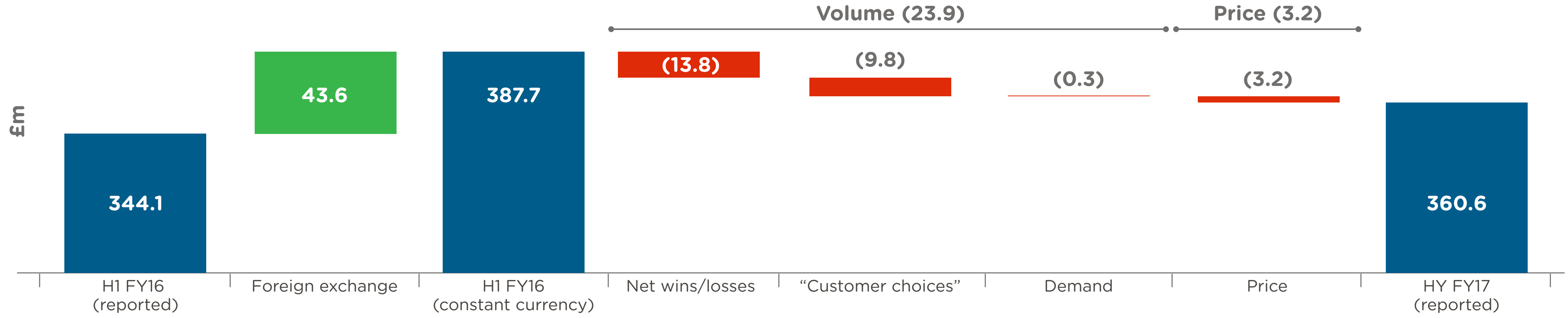
- Deliver the Discount and Retail Channel growth
- Identify and develop the Contract Manufacturing business
- Monitor tactical and/or strategic M&A opportunities

Market update

- European FMCG market broadly flat
- Brands winning share over Private Label (“PL”)
- PL in Personal Care (“PC”) losing share
- Limited assortment discounters (“LADs”), varying growth
- EDLP reducing promotional activity, fading deflation
- Contract manufacturing requirements with brand owners increasing
- Asia growing in contract manufacturing, accelerating SE Asian PL presence

H1 commercial results

Revenue



Net wins/losses

- Discontinued low margin business
- Prior years' service/reliability legacies
- End-of-life co-man agreements, churn effect

Choices

- Fully delivered as planned
- Additional PCA Repair phase activity

Market demand

- Favourable in UK, Spain and Germany
- Brand and channel pressure evident in France, Italy and Poland

Pricing

- Reduced deflationary impact in most geographies
- France and Italy; intense retail competition – pricing pressures

Achievements

Product quality upgrade has resulted into several quality awards

Allowing us to renew and/or gain several new contracts

- #1 retailer in Germany
- Re-negotiating exited contracts
- Access allowed to additional opportunities
- Now supplying top 50 European retailers

MERCADONA
SUPERMERCADOS DE CONFIANZA

Driving substantial improvement in supply service

Position	Supplier	Service Level	YTD
1	Robert Mcbride	100.0%	98.4%
2		99.7%	98.1%
3		98.7%	96.4%
4		96.6%	96.8%
5		96.6%	96.7%
6		95.7%	98.1%
7		95.3%	95.8%
8		92.3%	98.4%
9		91.4%	95.1%
10		90.6%	98.0%
11		89.2%	91.4%
12		85.3%	95.9%

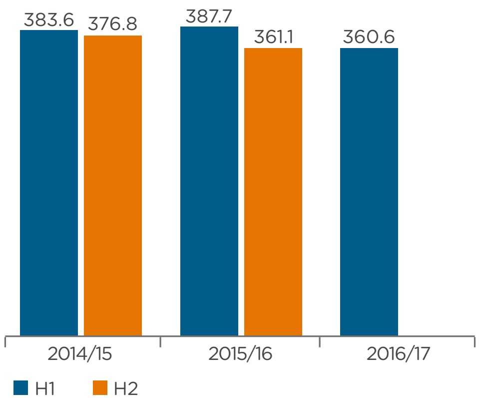
We have substantially enhanced our innovation speed

Financial headlines

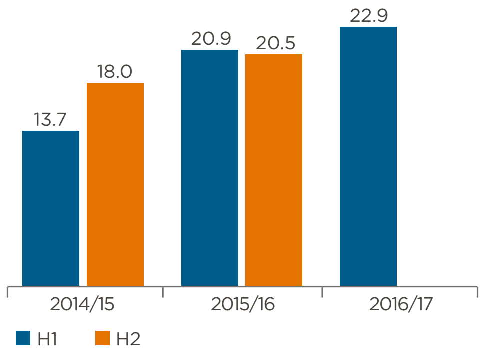
- Adjusted operating profit £22.9 million, up by 9.6% at constant currency
- Positive progress on margin, adjusted operating margin now 6.4% (2015: 5.1%)
- Underlying Group revenues 4.5% lower at constant currency, "customer choices" project accounting for a further 2.5%
- Adjusted profit before taxation up 43.4% to £19.5 million (2015: £13.6m)
- Adjusted diluted EPS up 42.3% to 7.4 pence (2015: 5.2p)
- Strong cash generation continues with underlying net cash inflow of £14.8 million, net debt cover ratio down to 1.4x from 1.7x at year end 2016
- Positive progress on ROCE at 28.0%
- Interim payment to shareholders of 1.4 pence (2015: 1.2p), up 16.7% on last half year

Income statement

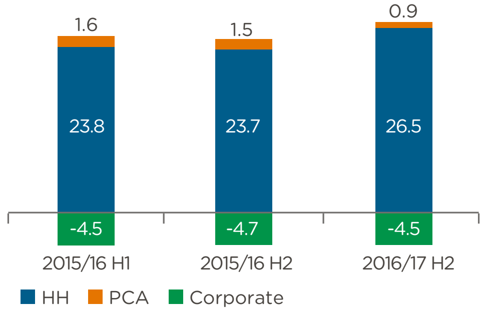
Revenue £m



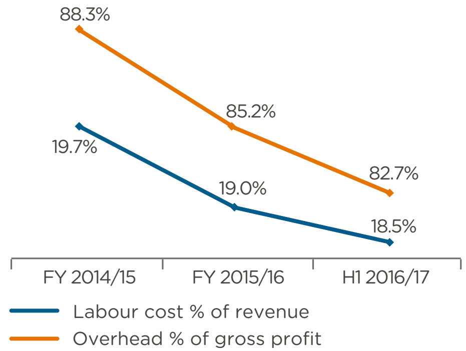
Adjusted EBITA £m



Adjusted EBITA by segment £m



Labour cost % of revenue and overhead % of gross profit

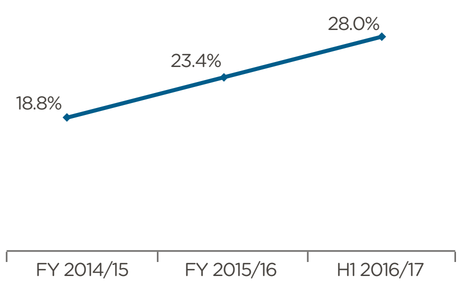


- Impact of "customer choices"
- Price/volume drivers
- Raw materials

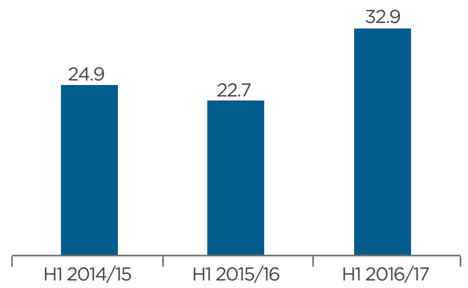
- Cost reduction
- Segment profits
- EPS development

Balance sheet and cash flow

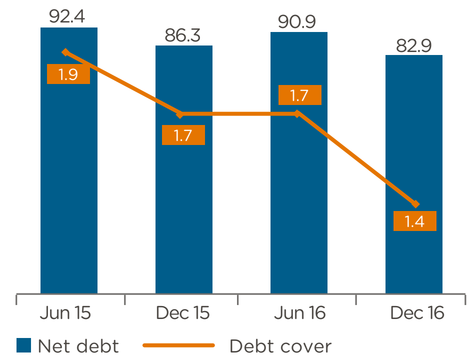
ROCE %



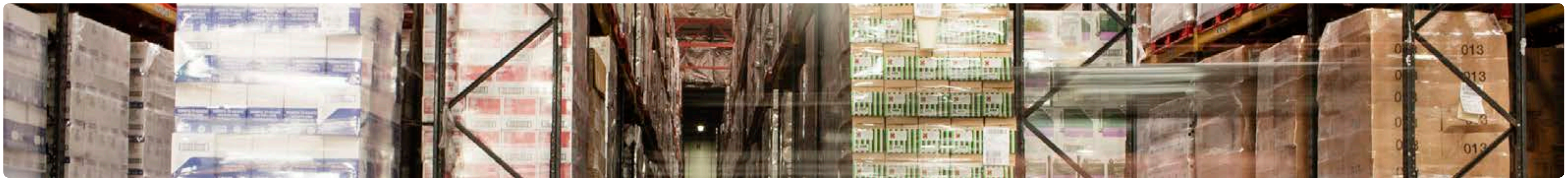
Cash flow from operations £m



Net debt £m/ debt cover x

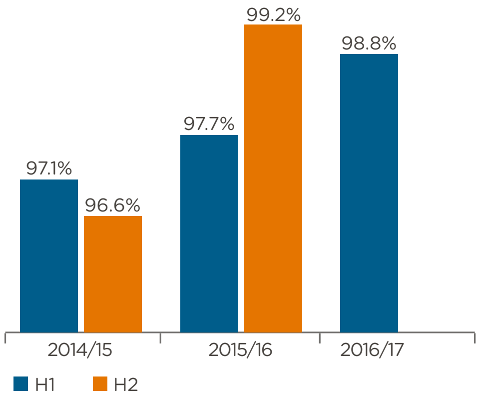


- Low level exceptional items
- Stable working capital
- FX impact on headline borrowings
- Debt cover and covenants

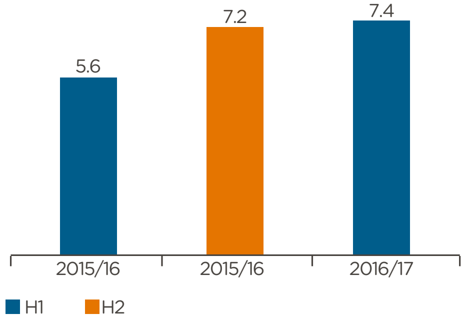


Other financials

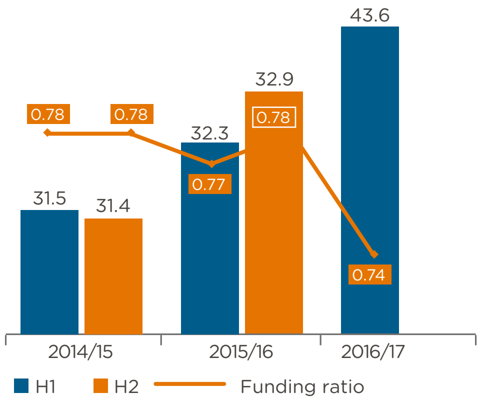
Customer service levels
%



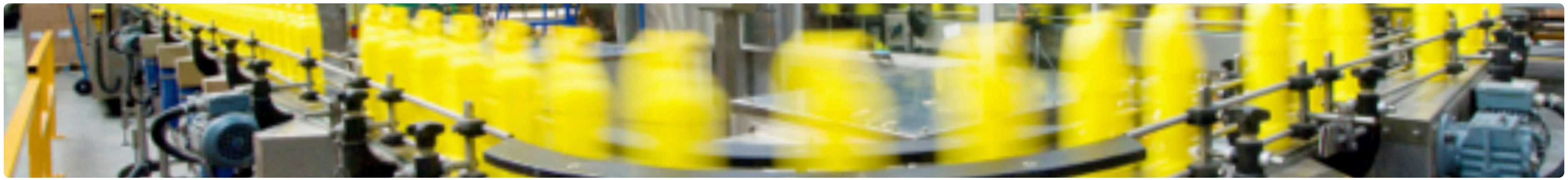
Capex
£m



Group pension liability
£m



- Capital expenditure building
- Payments to shareholders increasing
- Interest costs – Euro impact
- Tax rate stable



Prepare phase – update

Prepare

McBride will invest into its manufacturing assets and optimise its warehousing and distribution network. We will align the new organisational set-up aiming to institutionalise our new way of working with our people. We will provide a clear way forward for identified sub-optimal customer/categories and products.

- Sales strategy/ proposition
- Asset configuration
- Organisational development
- Mergers and acquisitions

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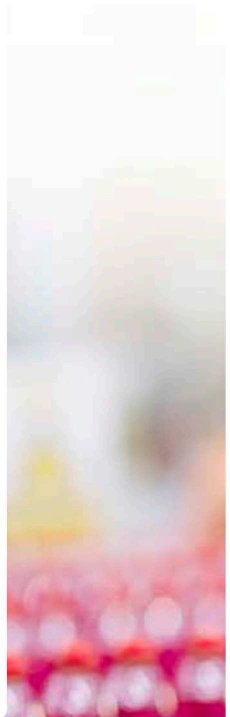
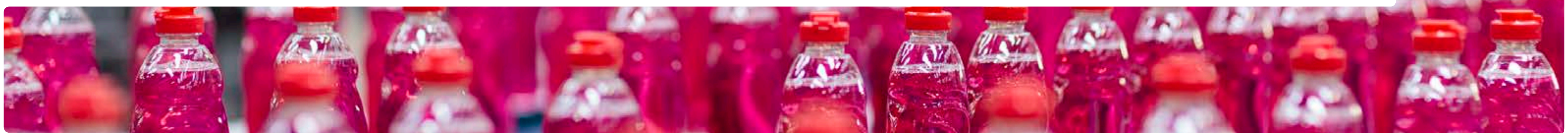
Sales strategy/ proposition

- Household ambition defined, prioritised categories, markets and channels
- Co-manufacturing strategy and targets
- Cost to serve and proposition model
- PCA market strategy concluded





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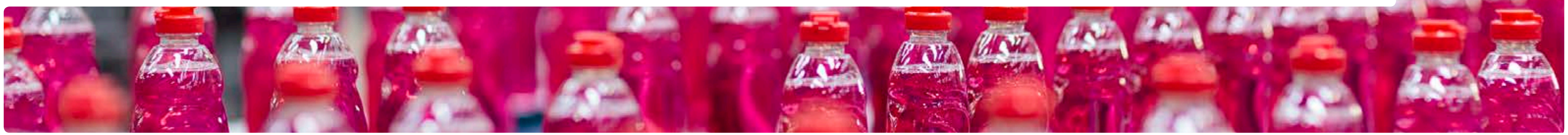
Asset configuration

- 4 year capex plan finalised, linked to growth ambition – £100 million over 4 years
- Centre of Excellence plans for key growth categories
- Separation of PC and HH manufacturing activities
- Poland factory upgrade project completing spring 2017



Prepare phase – update

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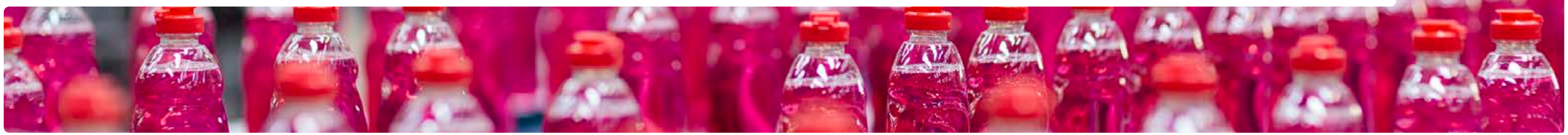
Organisational development

- R&D team alignment
- Talent management programme underway
- PMO fully resourced
- Further efficiency improvements

Mergers and acquisitions

- Aerosols divestment under consideration
- Acquisition strategy and pipeline in development



Prepare phase – what does it look like?

- Product category focus
- Channel strategies
- Geographic priorities
- Manufacturing choices

Prepare phase – laundry capsules case study

- Driving cost leadership
- Driving efficiency
- Driving technology leadership
- Driving capacity/growth

Outlook

- H1 trend evident in H2 revenue outlook
- Actions in hand to mitigate imminent raw material rises, lag anticipated
- Full year expectations remain unchanged

- Extended timeframe likely for major co-man contracts
- Run rate of recent business wins indicating growth next financial year
- Investment programme advancing during H2 into FY18

- Strategy on track, building blocks being assembled to prepare the Company for future growth

Questions

Appendices

1. Income statement
2. Segmental reporting
3. Balance sheet
4. Cash flow
5. Use of cash
6. Funding headroom

Appendix 1: income statement

	H1 2016/17 £m	H1 2015/16 £m	Y/Y	Constant currency[1] H1 2015/16 £m	Constant currency[1] Y/Y
Revenue	**360.6**	344.1	**4.8%**	387.7	**(7.0%)**
Gross profit	**132.7**	122.2	**8.6%**	137.3	**(3.4%)**
Gross margin	**36.8%**	35.5%	**+1.3ppts**	35.4%	**+1.4ppts**
Distribution costs	**(23.8)**	(24.1)	**(1.2%)**	(27.5)	**(13.5%)**
Administration costs	**(86.0)**	(80.5)	**+6.8%**	(88.9)	**(3.3%)**
EBITA[2]	**22.9**	17.6	**+30.1%**	20.9	**+9.6%**
Net financing costs:					
– borrowings	**(2.9)**	(3.4)	**(14.7%)**	(3.4)	**(14.7%)**
– pension	**(0.5)**	(0.6)	**(16.7%)**	(0.6)	**(16.7%)**
Adjusted profit before taxation[3]	**19.5**	13.6	**+43.4%**	16.9	**15.4%**
Taxation	**(6.0)**	(4.1)	**+46.3%**	(5.1)	**+17.6%**
Adjusted profit after taxation[3]	**13.5**	9.5	**+42.1%**	11.8	**+14.4%**
Adjusted diluted earnings per share (p)[3]	**7.4**	5.2	**+42.3%**		
Amortisation	**0.4**	0.5	**(0.1)**		
Exceptional items	**—**	—	**—**		
Unwind of discount on contingent consideration	**0.1**	—	**0.1**		
Unwind of discount on provisions	**0.2**	0.1	**0.1**		
Taxation – effective rate	**31%**	30%	**1ppts**		

(1) Comparatives translated at 2017 exchange rates.
(2) Adjustments were made for the amortisation of intangible assets and exceptional items.
(3) Adjustments were made for the amortisation of intangible assets, exceptional items, non-cash financing costs from unwind of discount on initial recognition of contingent consideration; unwind of discount on provisions and any related tax.

Appendix 2: segmental reporting

	H1 2016/17 £m	H1 2015/16 £m	Y/Y	Constant currency H1 2015/16 £m	Constant currency Y/Y
Revenue					
UK	79.7	85.8	(7.1%)	85.8	(7.1%)
North	96.0	90.2	6.4%	107.5	(10.7%)
South	39.2	34.2	14.6%	40.9	(4.2%)
East	69.5	60.9	14.1%	72.3	(3.9%)
Household	**284.4**	**271.1**	**4.9%**	**306.5**	**(7.2%)**
PCA	**76.2**	**73.0**	**4.4%**	**81.2**	**(6.2%)**
Group	**360.6**	**344.1**	**4.8%**	**387.7**	**(7.0%)**
Trading profit					
Household	**26.5**	**20.8**	**27.4%**	**23.8**	**11.3%**
PCA	**0.9**	**1.3**	**(30.8%)**	**1.6**	**(43.8%)**
Corporate	**(4.5)**	**(4.5)**	**—**	**(4.5)**	**—**
Group	**22.9**	**17.6**	**30.1%**	**20.9**	**9.6%**
ROS					
Household	**9.3%**	**7.7%**	**1.6ppt**	**7.8%**	**1.5ppt**
PCA	**1.2%**	**1.8%**	**(0.6ppt)**	**2.0%**	**(0.8ppt)**
Corporate	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
Group	**6.4%**	**5.1%**	**1.3ppt**	**5.4%**	**1.0ppt**

Appendix 3: balance sheet

	Dec 2016 £m	Dec 2015 £m	June 2016 £m
Goodwill and other intangible assets	**20.3**	19.7	**20.0**
Property, plant and equipment	**136.4**	126.9	**136.2**
Other non-current assets	**26.2**	21.6	**22.5**
Working capital	**26.2**	27.7	**29.7**
Net other debtors/(creditors)	**(4.8)**	(3.9)	**(0.3)**
Provisions	**(5.6)**	(4.7)	**(6.4)**
Pension	**(43.6)**	(32.3)	**(32.9)**
Non-current liabilities	**(7.4)**	(6.3)	**(8.8)**
Net debt	**(82.9)**	(86.3)	**(90.9)**
Net assets	**64.8**	62.4	**69.1**
Average capital employed	**148.2**	150.3	**155.0**
ROCE	**28.0%**	23.6%	**23.4%**
Working capital % of sales	**3.8%**	4.1%	**4.4%**

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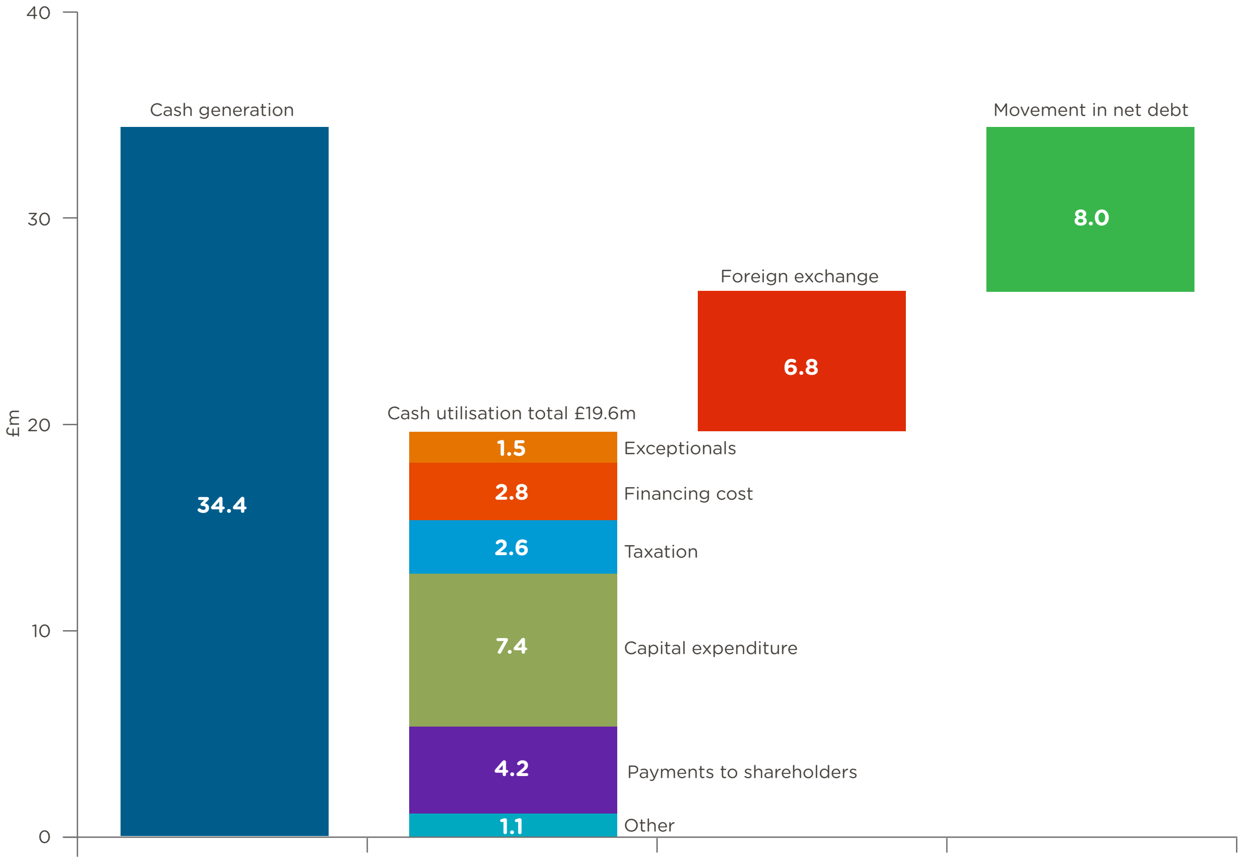
Appendix 4: cash flow

	H1 2016/17 £m	H1 2015/16 £m	FY 2015/16 £m
Adjusted operating profit	22.9	17.6	36.2
Depreciation	9.7	9.3	18.2
Share-based payments	1.2	0.7	1.8
Additional cash funding of pension scheme	(1.5)	(1.3)	(3.1)
Operating cash flow before movements in working capital	32.3	26.3	53.1
Movement in working capital	2.1	(0.1)	(0.6)
Cash generated from operations	34.4	26.2	52.5
Capital expenditure	(7.4)	(5.6)	(12.8)
Operating cash flow	27.0	20.6	39.7
Exceptional cash flow	(1.5)	(3.5)	(4.2)
Interest paid	(2.8)	(2.7)	(5.2)
Redemption of B shares	(4.2)	(3.7)	(5.8)
Taxation paid	(2.6)	(0.2)	(8.2)
Other items	(1.1)	(0.3)	(2.4)
Net cash flow	14.8	10.2	13.9
Net debt at beginning of period	(90.9)	(92.4)	(92.4)
Currency translation differences	(6.8)	(4.1)	(12.4)
Net debt at end of period	(82.9)	(86.3)	(90.9)

Appendix 5: use of cash



Appendix 6: funding headroom

	Facility £m	31 December 2016 £m	Committed headroom £m
Committed facilities:			
– US Private Placements (November 2020 and April 2022)	73.1	**(73.1)**	—
– revolving facilities (April 2019)	119.9	**—**	119.9
– invoice discounting facilities	46.4	**(32.3)**	14.1
– other loans	2.2	**(2.2)**	—
	241.6	**(107.6)**	134.0
Uncommitted facilities	64.5	**(4.2)**	
Total facilities	306.1	**(111.8)**	
Cash and cash equivalents		**28.9**	
Net debt		**(82.9)**	