

McBride plc

2009-10 half year results presentation

February 2010



Passionate about Private Label

Introduction

Iain Napier - Chairman



Passionate about Private Label

Introduction

- » Strategy consistently and successfully applied
- » Private Label dynamics positive
- » Profits ahead of expectations
- » Interim dividend up 18% to 2.0p (2008/09: 1.7p)
- » Start to second half in line with our expectations



Summary

Miles Roberts



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Summary

- » Private Label dynamics positive
- » Strong core category performances in Household and Personal Care
- » Improving mix of business
- » Margin and profit growth in all divisions
- » Strong cash generation
- » Further improvement in cost base
- » Further investment in Research & Development
- » Return on capital employed 26.6%



Financial review

Richard Armitage - Finance Director



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Results in line with strategy

- » McBride is attractive as an employer and as an investor for four clear reasons:
 - A robust business model, followed consistently throughout the business
 - A clear strategy
 - Great people
 - Growth opportunities

- » Today we will demonstrate that McBride has recovered profit and margins and is maintaining its momentum in these key areas



Financial headlines

	2009-10 H1 £m	2008-09 H1 £m	Y / Y vs H1
Revenue	412.4	392.2	+5%
EBIT	26.5	14.3	+85%
EBIT Margin	6.4%	3.6%	+2.8 pp
Profit after tax	17.6	8.5	+107%
Diluted earnings per share	9.7p	4.7p	+106%
Dividend per share	2.0p	1.7p	+18%
EBITDA	40.6	26.0	+56%
Net cash generated from operations	48.8	27.7	+76%

(1) All figures are before amortisation of intangible assets and exceptional items



Financial KPIs

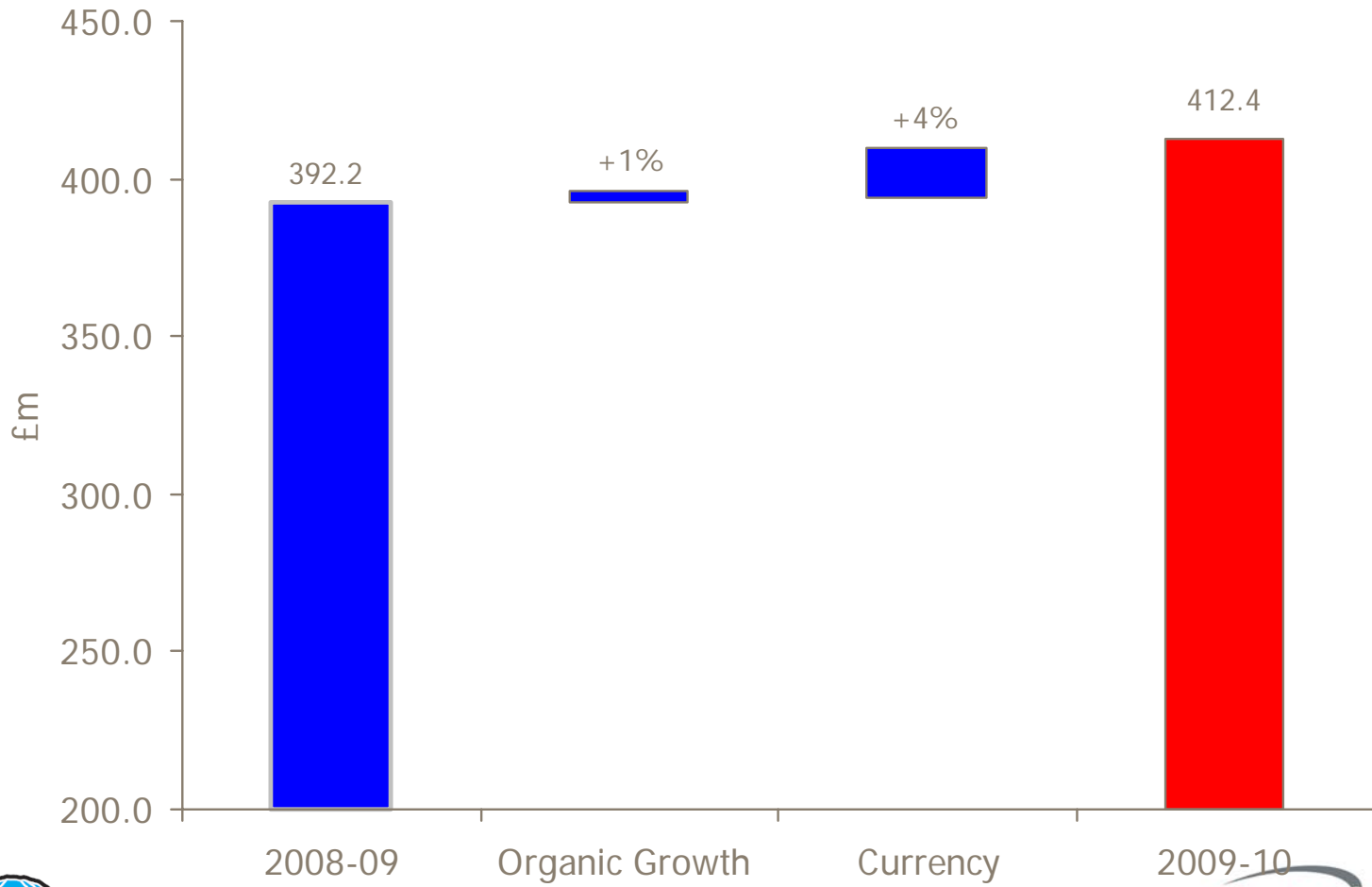
	<u>2009/10</u> <u>H1</u>	<u>2008/09</u> <u>H1</u>
Organic revenue growth	+1%	+4%
EBIT margin	6.4%	3.6%
EPS growth	+106%	-15%
Net current (liabilities)/assets *	£(2.9)m	£11.3m
ROCE	26.6%	12.7%
EBIT margin	6.4%	3.6%
Asset turnover	4.2	3.5

All figures before amortisation of intangible assets and exceptional items

(*) Excluding net cash / debt



Revenue bridge H1 2008-09 to H1 2009-10



Income Statement

	2009-10 H1 £m	2008-09 H1 £m	Y / Y vs H1
Revenue	412.4	392.2	+5%
Gross profit	152.0	124.9	+22%
Gross margin	36.9%	31.8%	+5.1 pp
Distribution costs	(27.8)	(26.4)	+5%
Administrative costs	(97.7)	(84.2)	+16%
EBIT	26.5	14.3	+85%
Net financing costs	(3.0)	(2.8)	+7%
Profit before taxation	23.5	11.5	+104%

(1) All figures are before amortisation of intangible assets and exceptional items



Regional performance

	Revenue ⁽¹⁾			Operating Profit ^{(1) (2) (3)}		
	2009-10 H1 £m	2008-09 H1 £m	Change Vs H1	2009-10 H1 £m	2008-09 H1 £m	Change Vs H1
UK	162.4	161.5	+1%	11.1	9.3	+19%
Western Continental Europe	245.8	225.2	+9%	17.8	7.2	+147%
Eastern Continental Europe	17.9	17.3	+3%	1.4	1.0	+40%
Eliminations / China ⁽⁴⁾	(13.7)	(11.8)	+16%	(0.2)	0.0	n/a
Sub-total	412.4	392.2	+5%	30.1	17.5	+72%
Corporate	0.0	0.0	n/a	(3.6)	(3.2)	n/a
Total	412.4	392.2	+5%	26.5	14.3	+85%

(1) Revenue and operating profit by geographic origin

(2) All figures are before amortisation of intangible assets and exceptional items

(3) On adoption of IFRS 8, Operating Profit has been restated to remove management charges which are not included in segment profit reported to the chief operating decision maker

(4) Includes China operating loss of £0.2m (2008-09 H1 £nil)



Segmental performance

	Revenue ⁽¹⁾				Operating Profit ^{(1) (2) (3)}		
	2009-10 H1 £m	2008-09 H1 £m	Change Vs H1		2009-10 H1 £m	2008-09 H1 £m	Change Vs H1
Household ⁽⁴⁾	336.1	319.2	+5%		26.4	14.3	+85%
Personal Care	76.3	73.0	+5%		3.7	3.2	+16%
Sub-total	412.4	392.2	+5%		30.1	17.5	+72%
Corporate	0.0	0.0	n/a		(3.6)	(3.2)	n/a
Group	412.4	392.2	+5%		26.5	14.3	+85%

(1) Revenue and operating profit by geographic origin

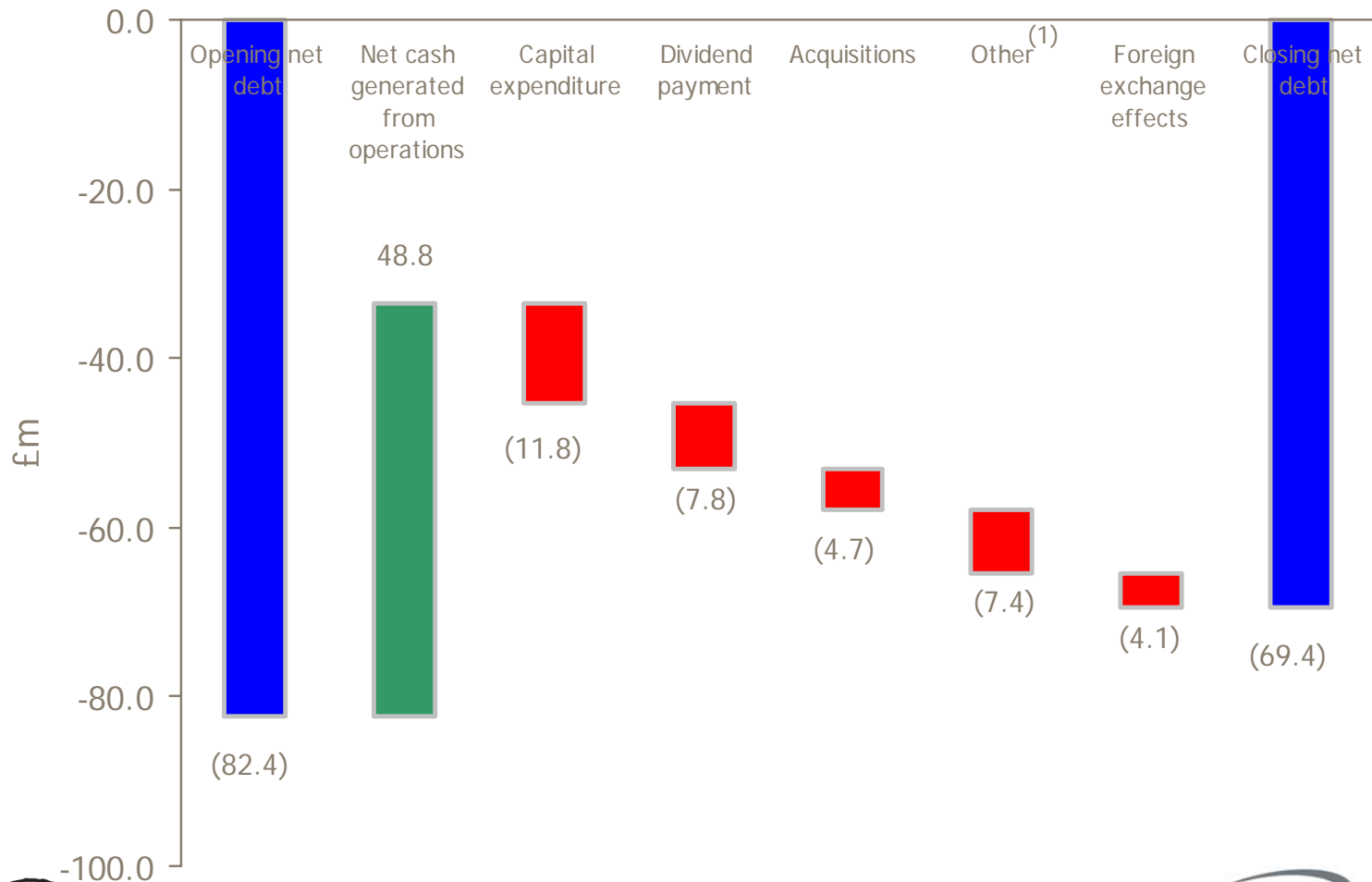
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(4) Includes China operating loss of £0.2m (2008-09 H1 £nil)



Movement in net debt: June 2009 to December 2009



(1) Other includes tax and interest payments and payments relating to exceptional items



Cash Generation 2009

£m	<u>2009-10</u>	<u>2008-09</u>	<u>2008 -09</u>
	<u>H1</u>	<u>H1</u>	<u>Full Year</u>
Cash generated from operations	48.8	27.7	61.8
Other net outflows	(23.9)	(5.5)	(25.6)
Free cash flow	24.9	22.2	36.2
Dividends	(7.8)	(7.0)	(10.1)
Exchange	(4.1)	(16.6)	(5.2)
Debt reduction	(13.0)	(1.4)	(20.9)
Opening net debt	(82.4)	(103.3)	(103.3)
Closing net debt	(69.4)	(104.7)	(82.4)



Supply chain rationalisation

- » Commenced consultation on supply chain rationalisation
- » Estimated financial impact
 - £9m pre tax exceptional charge
 - £6.5m cash cost
 - £2.5m annualised cost saving
 - 3 year payback
- » Project criteria
 - Improved operating efficiency
 - Manufacturing cost savings
 - Overhead savings
 - Increased capacity utilisation across group
 - Closure of older lower efficiency manufacturing unit



Business review

Miles Roberts



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Agenda

» Consistent application of strategy

- Growth in emerging economies
- Focus on higher margin business
- Stronger research and development
- Operational efficiency
- Cash management
- People engagement

» Market

» Outlook



Strategy - update

Lead the growth of Private Label Household and Personal Care products in Europe



Commercial leadership

Attractive product categories

New product development

Category development

Growth retail and geographic sectors

Operational leadership

Customer service excellence

Improve efficiency

Continuous cost management

Optimise working capital and asset base

Enabling

High performance leadership and culture

Leverage increasing scale

Develop and leverage technology platform

Complementary acquisitions



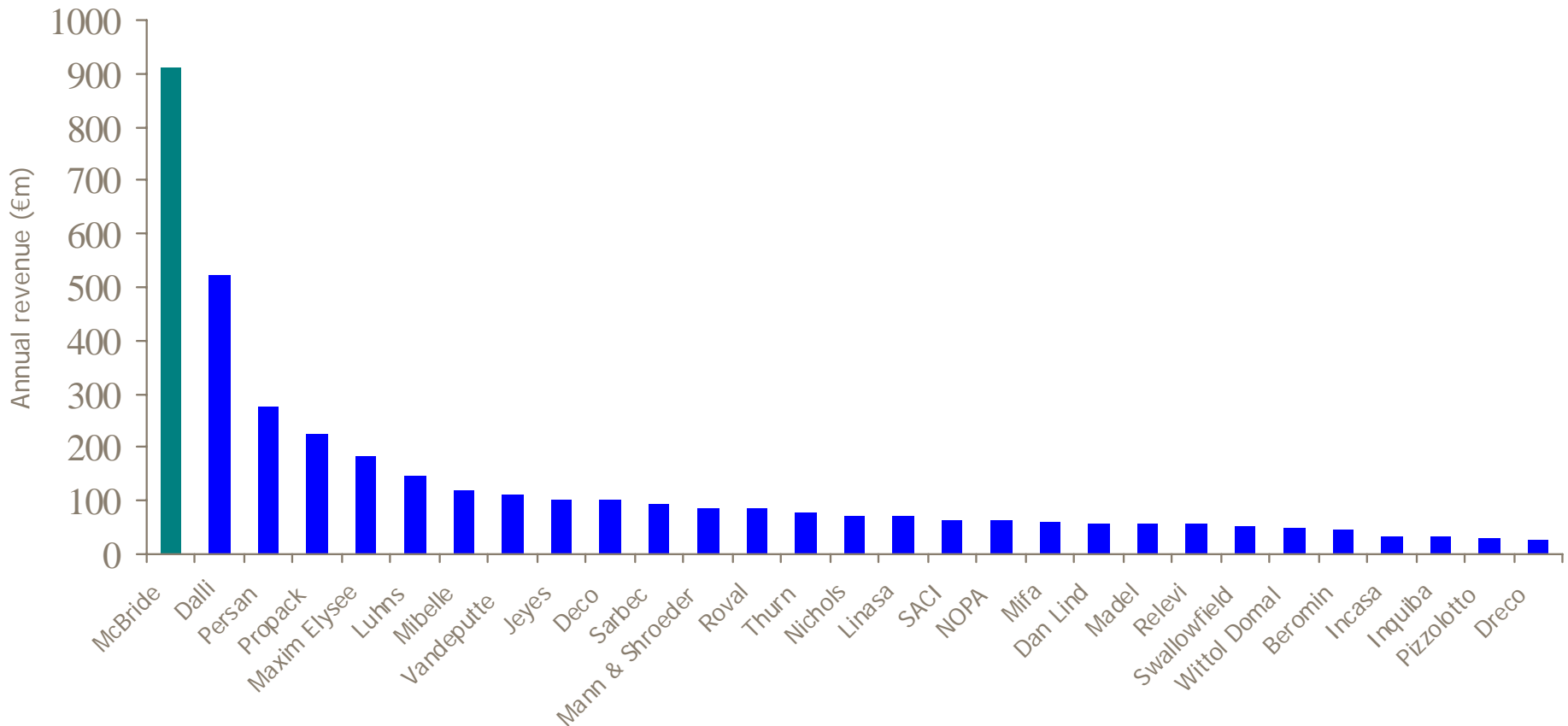
European Household and Personal Care markets

- » Household and Personal Care markets in Western Europe worth £64 billion
- » Household and Personal Care markets in Eastern Europe worth £18 billion

Source: Euromonitor 2008 data



McBride is the clear leader in European Private Label Household and Personal Care

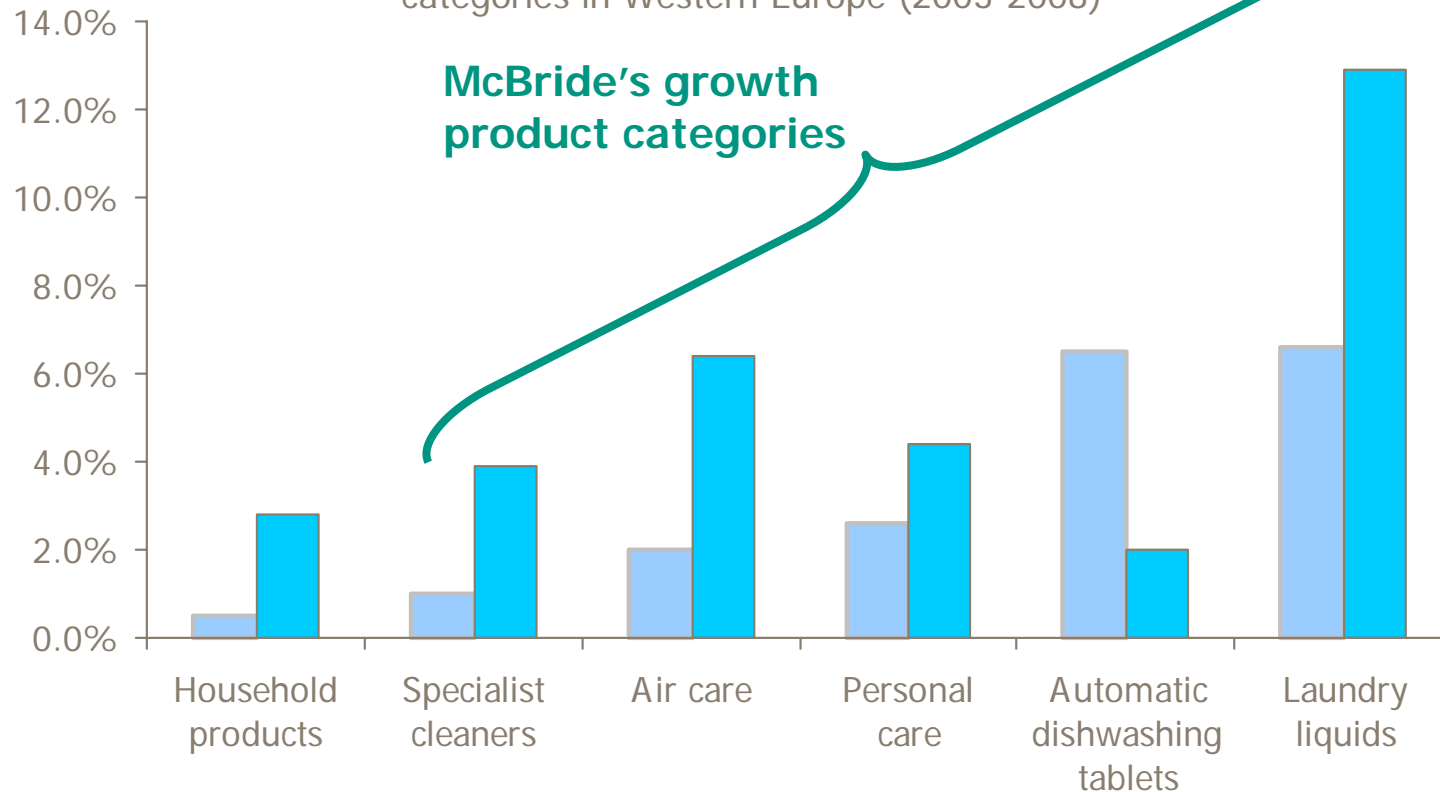


■ McBride ■ Others PL/ Contract revenue
 Estimated Private Label business



McBride's growth product categories - attractive growth potential

Compound annual growth rates for various product categories in Western Europe (2003-2008)



McBride's growth product categories

■ Total market ■ Private Label market

Source: Euromonitor

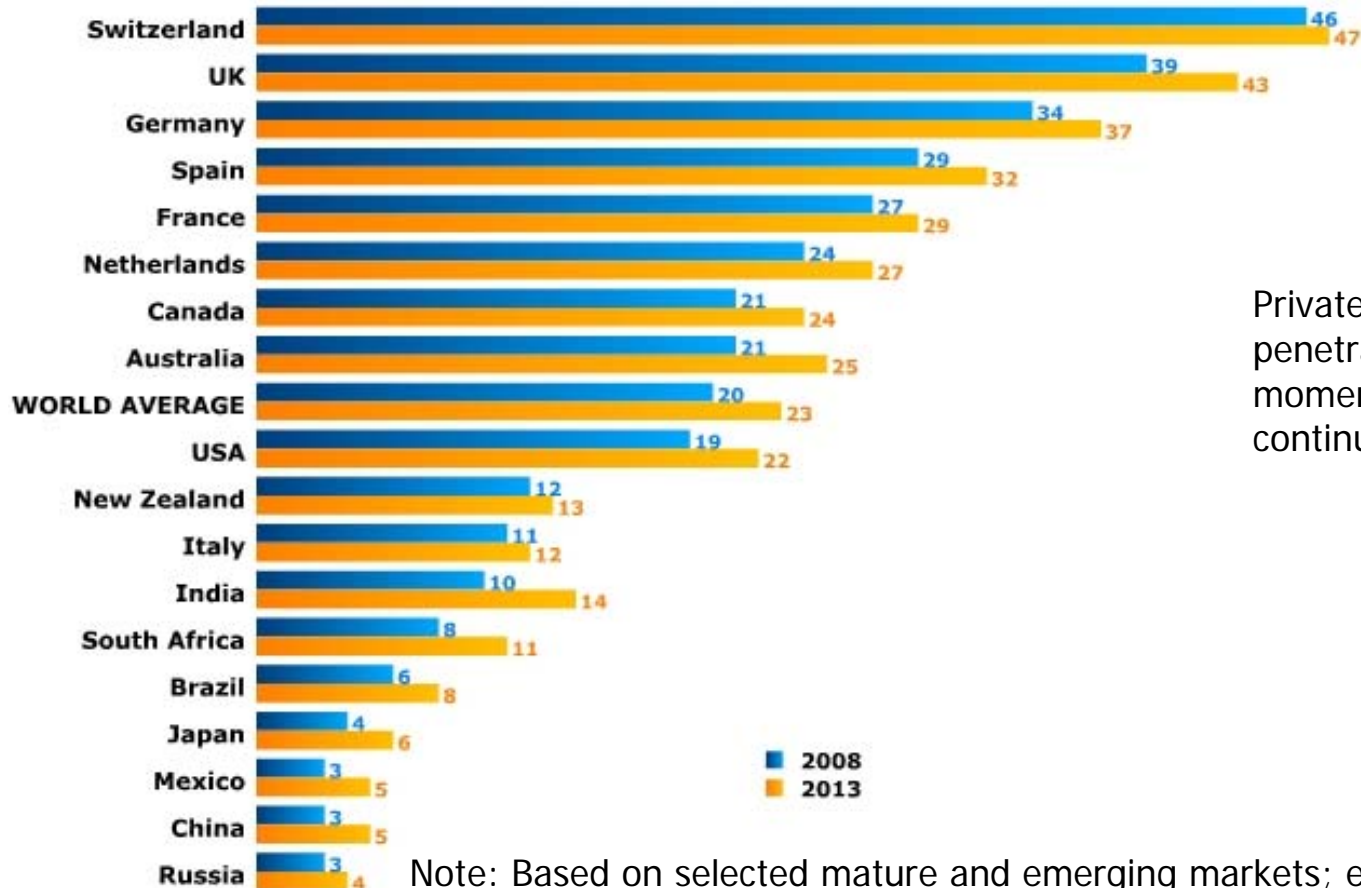
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Private Label is forecast to gain share worldwide



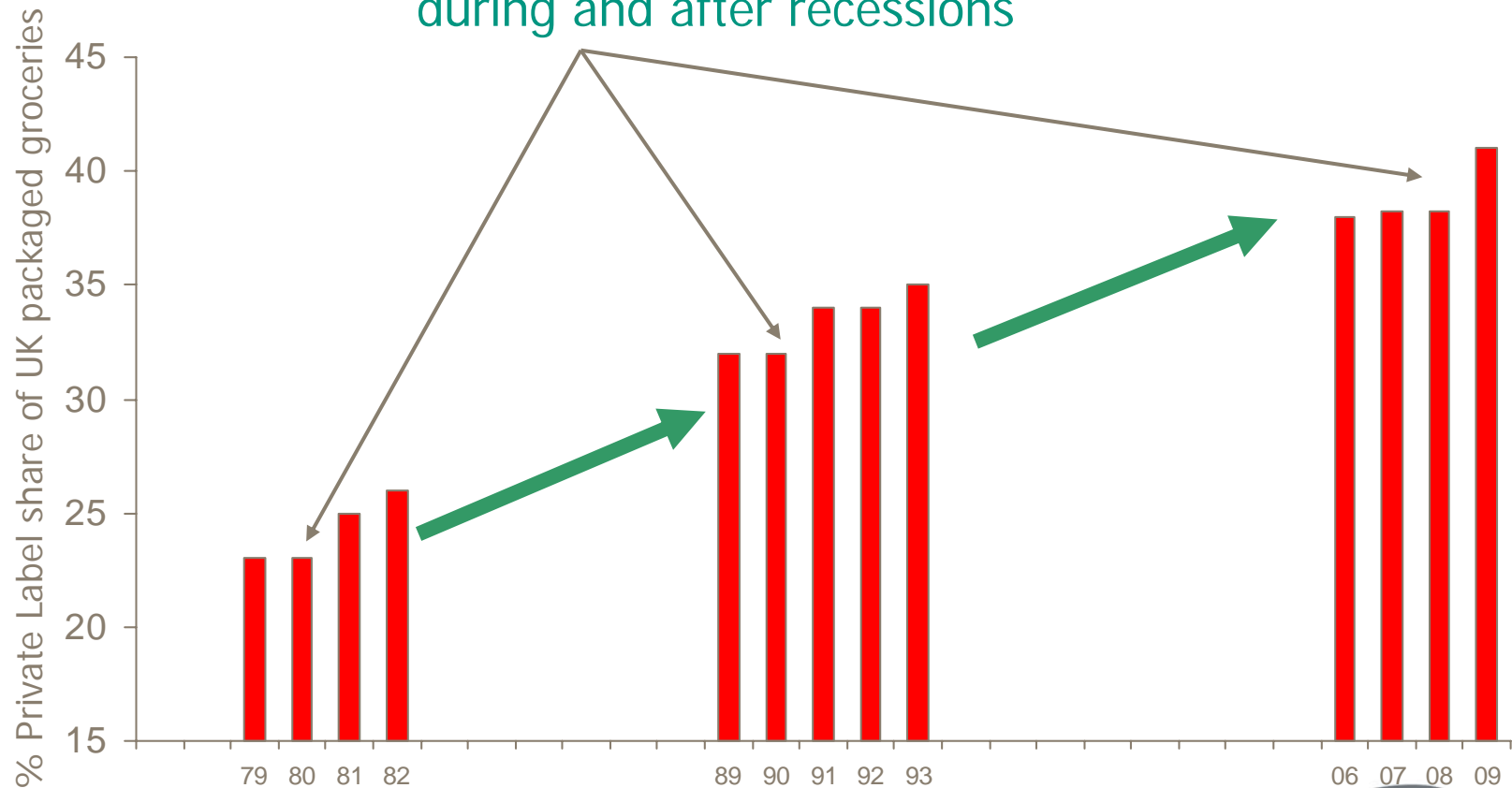
Private Label penetration growth momentum forecast to continue in all markets

Note: Based on selected mature and emerging markets; e – estimate; f - forecast.
 Source: Planet Retail Ltd - www.planetretail.net; partly based on AC Nielsen



Private Labels benefit in times of recession

Private Labels gain and continue to grow share during and after recessions



Source TNS, Datamonitor



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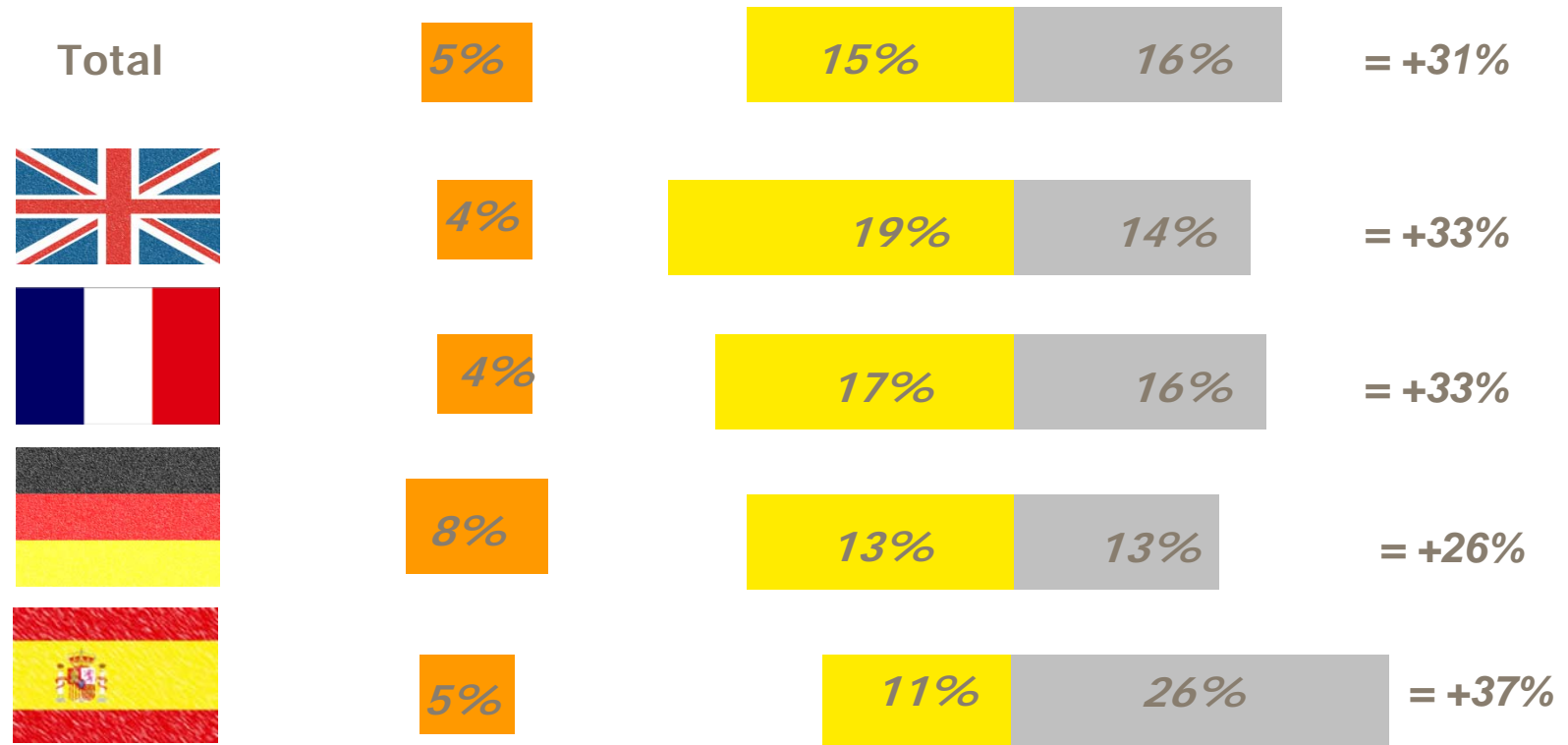
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European Private Label shopping habits

More brands

Little more Private Label

Lot more Private Label



Source: IGD Consumer unit 2009

Over 2,800 respondents interviewed, asked whether they would be buying more brands, a little more Private Label or a lot more Private Label in their grocery shopping.



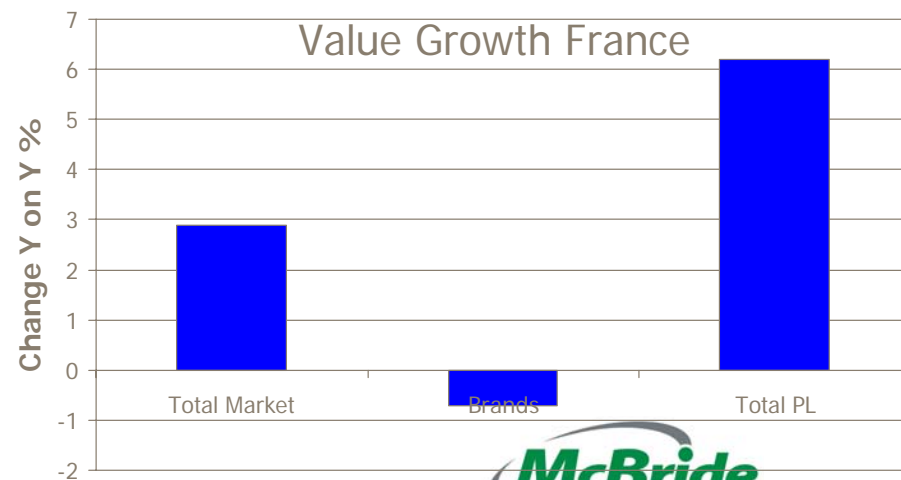
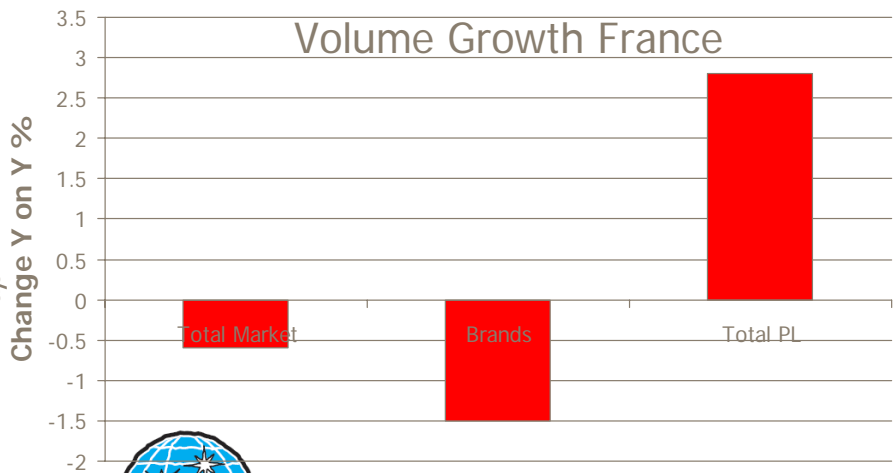
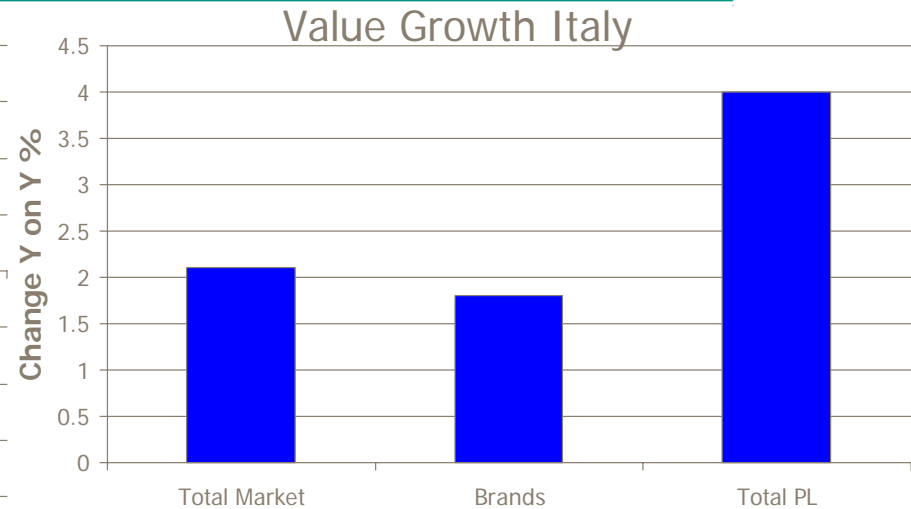
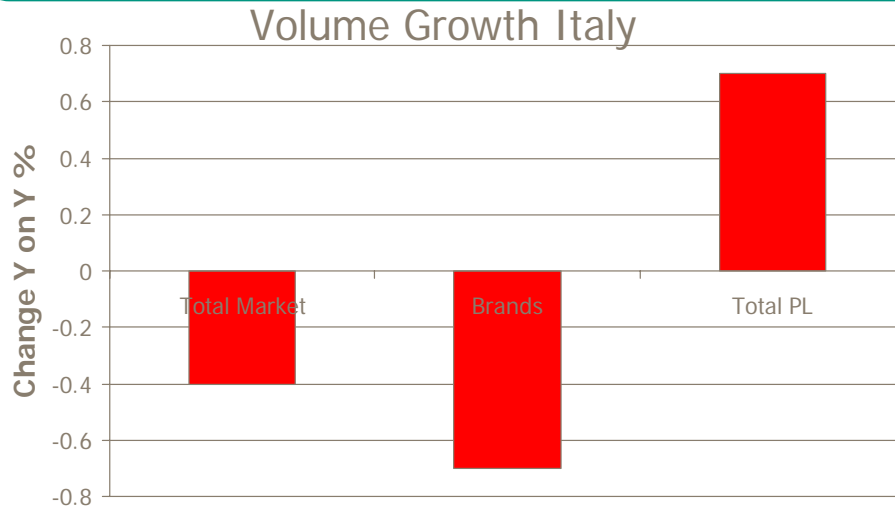
Private Label performance

- » Private Label gaining across Europe
- » Private Label products give best balance between performance and price
- » Consumers are increasingly price sensitive and willing to switch purchases
- » Retailers re-emphasising Private Label ranges
- » Higher growth in McBride's priority categories



Household Private Label Italy & France

Strong growth



Source: TNS Worldpanel

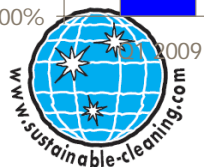
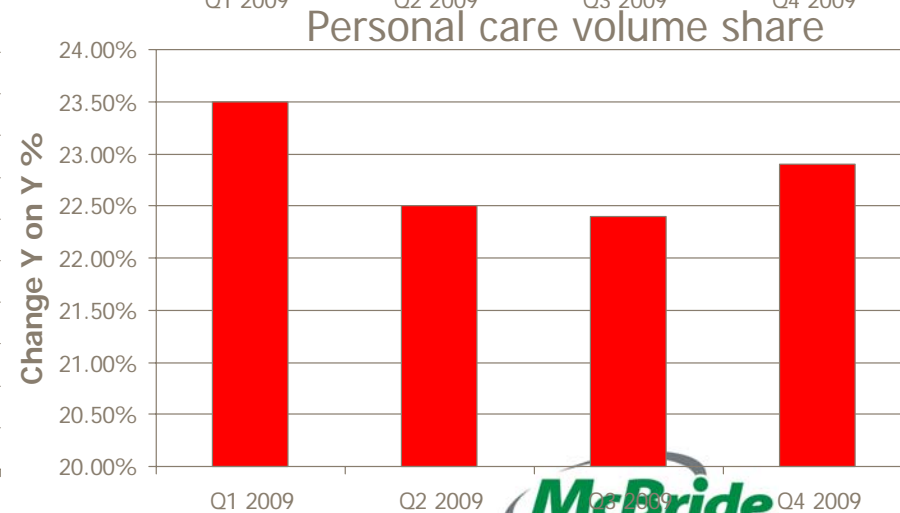
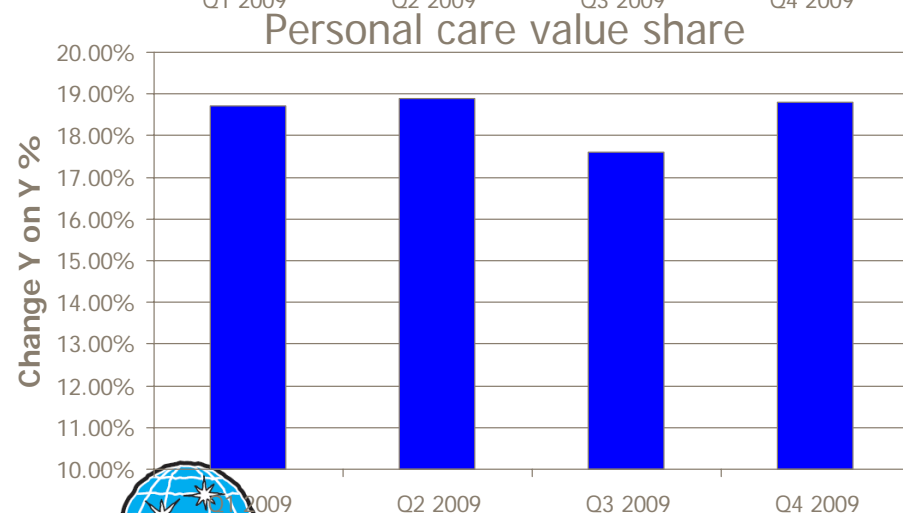
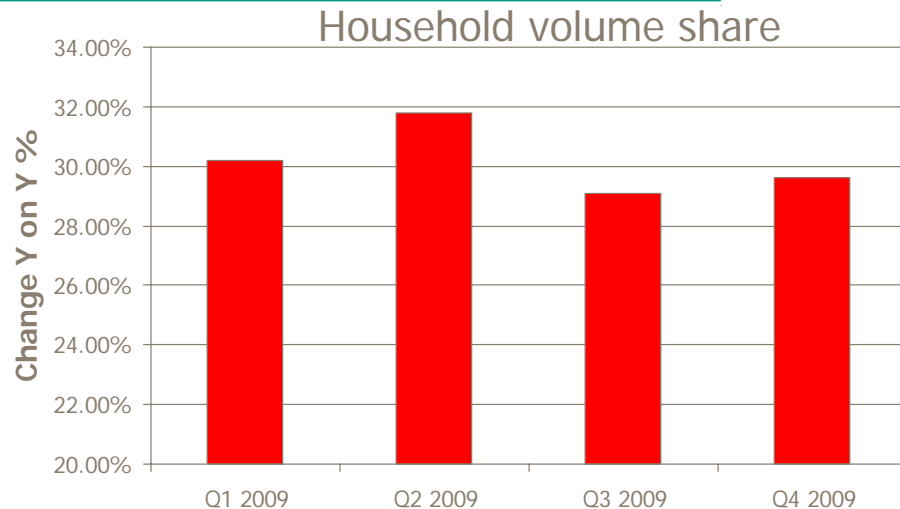
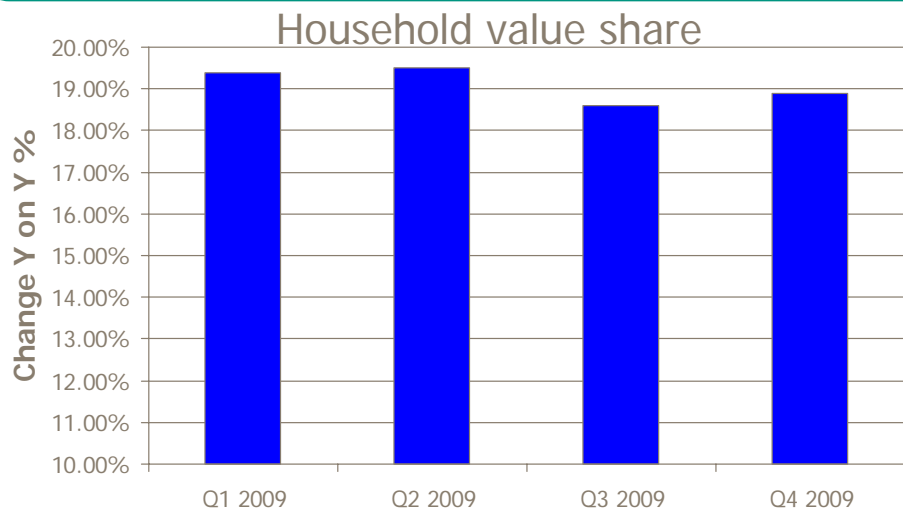


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Private Labels regaining momentum in Q4 2009 in the UK



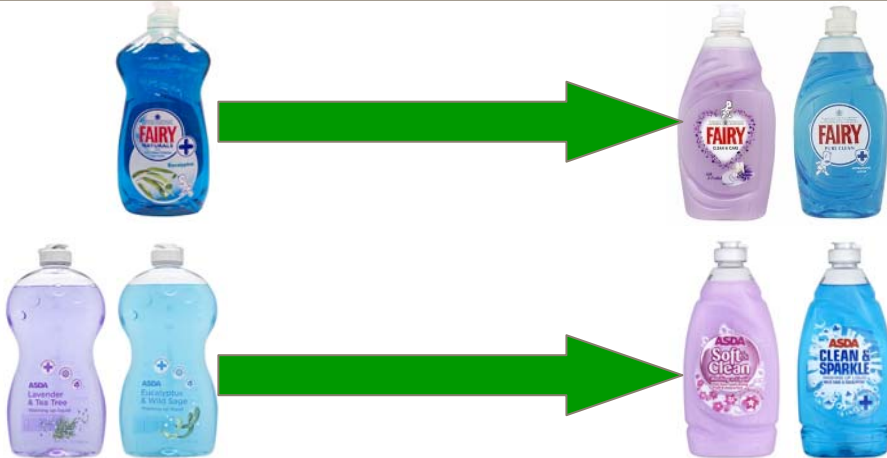
Source: TNS Worldpanel

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New launches in the Dishwashing category



Launch of 450ml pack format and pearlised formulations (with hand care claims) to align Private Label with the brand leader

ASDA relaunched the range in July 2009 with the premium tier aligning itself with Fairy

The Private Label value share in ASDA now stands at 32% and is growing 19% yoy



Launch of dual layer tab in tab format with water soluble film

Coloured layers and tab formats are preferred in research as they provide the perception of multi functionality

Water soluble film gives added benefit in terms of consumer convenience



New launches in Laundry



Launch of 18 Wash (630ml) Laundry Gel, to align Private Label with the brand leader and to be the first Private Label to market

The launches of gel in Tesco and Morrisons are the latest additions to our gel portfolio.

Gels are engineered to work at lower wash temperatures and improve consumer convenience.

Gel Market Update

Market worth **£91m**, with a 10% value and volume share of the market (52 w/e)

There is significant growth in this format fuelled by promotional activity

New 'Actilift' innovation just launched in Ariel Gel



New Private Label Personal Care launches



Private Label: adapting to consumer needs

- » Retailers will adapt to changes in consumer spending pattern, by tiering their Private Label offer.
- » We have already seen it in the Food categories, but it has also extended to other areas e.g. Shampoos.

Value
Shampoo
£0.03/100ml
1 litre



Apple & Aloe
£0.11/100ml
750ml

All about Shine
£0.27/100ml
300ml



Bnatural
£0.33/100ml
300ml

hbm
£0.40/100ml
1 litre



Tesco's range of PL
shampoos,
From value to
captive brands



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Operational efficiency / cash management

- » Last years restructuring completed and successful
- » Consultation on Italian plant closure
- » Working capital inflow
- » Asset turnover up to 4.2 times



Conclusion and Outlook

- » Continuing Private Label growth
- » Strategy consistently applied
- » Benefiting from stronger and larger business
- » Margin and ROCE growth
- » Start to second half in line with our expectations



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“Passionate about Private Label”



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