



# McBride plc 2006-07 Interim Results Presentation

February 2007

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"**

A large teal-colored triangle is positioned in the bottom right corner of the slide, pointing towards the top right.

BEHIND  
THE LABEL

## Summary 2006-07 Half 1

- » Results in line with expectations
- » Revenue and profit growth in both household and personal care
- » Operating margin improved to 5.9%
- » EPS up 9%
- » Major Italian Household cleaners acquisition
- » Small infill acquisition in Poland
- » Successful integration of recent UK acquisitions
- » Continuing focus on innovation, operational efficiency and management to support margin improvement

# Business unit progress

- » Western Continental Europe
  - Revenue growth in Italy, Spain and personal care
  - French household market weak but not declining
  - Continuing focus on innovation, service and costs
- » Eastern Continental Europe
  - Revenue growth
  - In fill acquisition of Schneider household and personal care business (post year end)
  - Further strengthening of management and new capacity
- » UK
  - UK sales up 9%
  - Strong performance in household and personal care
  - Successful integration of recent acquisitions

**Bob Beveridge**

Finance Director

# Profit and loss account (1)

	Period ended Dec 05		Period ended Dec 06		P/P
	£m	Margin	£m	Margin	
Revenue	270.4		278.2		+3%
Cost of sales	<u>(178.3)</u>		<u>(185.0)</u>		+4%
Gross profit	92.1	34.1%	93.2	33.5%	+1%
Distribution costs	<u>(17.7)</u>		<u>(18.9)</u>		+7%
Contribution	74.4	27.5%	74.3	26.7%	-0%
Administrative costs	(59.0)		(58.0)		-2%
<b>Operating profit</b>	15.4	5.7%	16.3	5.9%	+6%

## Profit and loss account (2)

	Period ended Dec 05		Period ended Dec 06		P/P
	£m	Margin	£m	Margin	
<b>Operating profit</b>	15.4	5.7%	16.3	5.9%	+6%
<b>Interest</b>	<u>(0.5)</u>		<u>(0.7)</u>		+40%
<b>Profit before tax</b>	14.9		15.6		+5%
<b>Taxation</b>	<u>(4.5)</u>		<u>(4.4)</u>		-2%
<b>Profit for the year</b>	10.4		11.2		+8%
<b>EPS</b>	5.8p		6.3p		+9%
<b>EPS (Diluted)</b>	5.7p		6.1p		+7%
<b>Dividend</b>	1.6p		1.7p		+6%

# Regional performance

	Revenue <sup>(1)</sup>			Operating profit <sup>(1)</sup>		
	p/e Dec 05 £m	p/e Dec 06 £m	P/P	p/e Dec 05 £m	p/e Dec 06 £m	P/P
UK	123.5	<b>134.6</b>	<b>+9%</b>	10.5	<b>12.3</b>	<b>+17%</b>
Western Continental Europe	141.5	<b>138.3</b>	<b>-2%</b>	4.6	<b>3.9</b>	<b>-15%</b>
Eastern Continental Europe	11.4	<b>11.8</b>	<b>+4%</b>	1.1	<b>0.8</b>	<b>-27%</b>
<b>Total</b>	276.4	<b>284.7</b>	<b>+3%</b>	16.2	<b>17.0</b>	<b>+5%</b>
Intergroup/corporate	(6.0)	<b>(6.5)</b>	<b>+8%</b>	(0.8)	<b>(0.7)</b>	<b>-13%</b>
<b>Total</b>	270.4	<b>278.2</b>	<b>+3%</b>	15.4	<b>16.3</b>	<b>+6%</b>

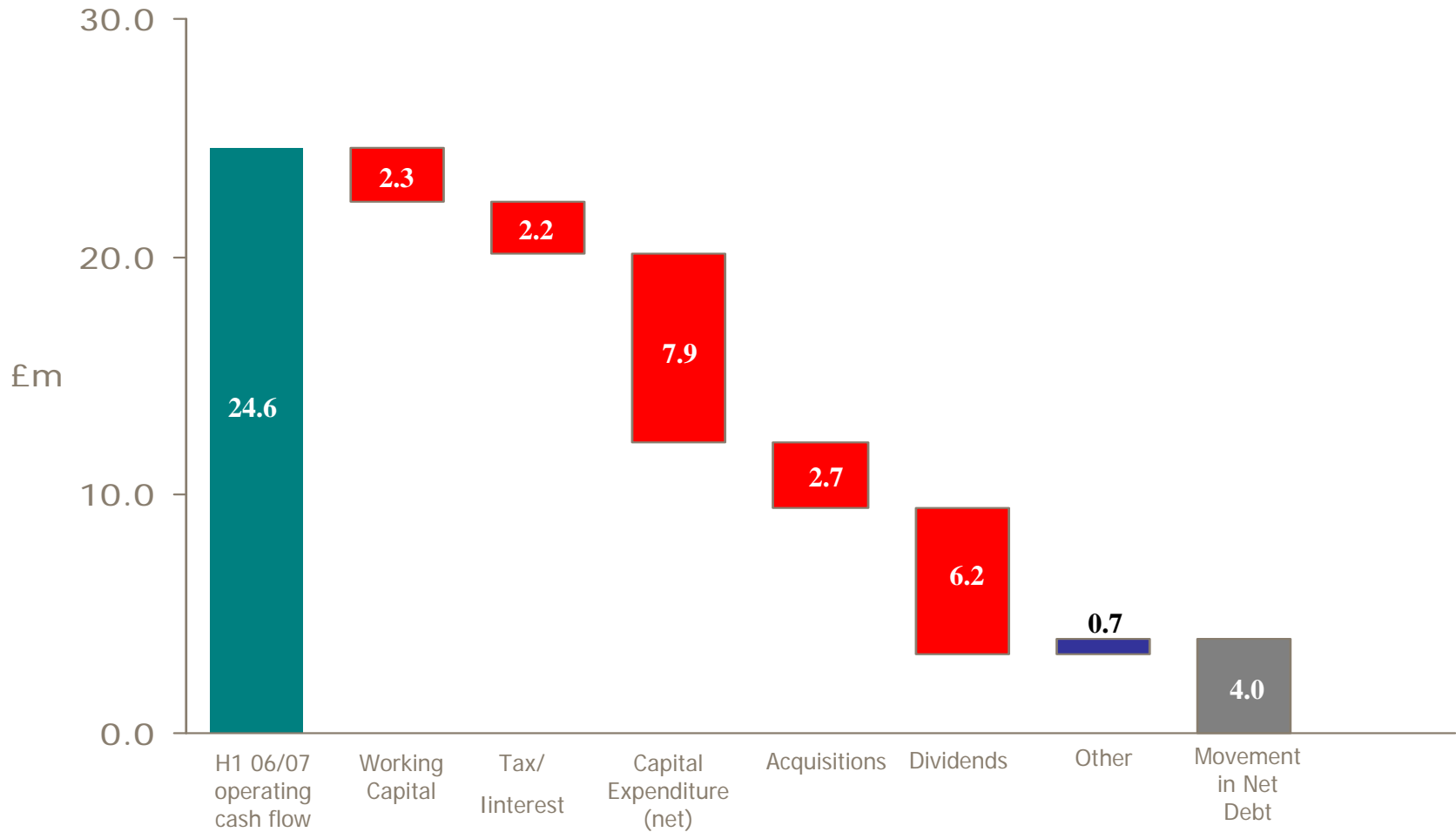
(1) Revenue and operating profit by geographic origin

# Product category performance

	Revenue			Operating profit		
	p/e Dec 2005 £m	p/e Dec 2006 £m	P/P	p/e Dec 2005 £m	p/e Dec 2006 £m	P/P
Household	216.5	<b>221.3</b>	<b>+2%</b>	11.5	<b>12.1</b>	<b>+5%</b>
Personal care	53.9	<b>56.9</b>	<b>+6%</b>	4.7	<b>4.9</b>	<b>+4%</b>
<b>Total</b>	270.4	<b>278.2</b>	<b>+3%</b>	16.2	<b>17.0</b>	<b>+5%</b>
Corporate				(0.8)	<b>(0.7)</b>	<b>-13%</b>
<b>Total</b>	270.4	<b>278.2</b>	<b>+3%</b>	15.4	<b>16.3</b>	<b>+6%</b>



# Movement in net debt June - Dec 2006



# Balance sheet

	Dec-05	Dec-06
	£m	£m
<b>Non-current assets</b>	137.1	146.4
<b>Inventories</b>	46.1	48.9
<b>Debtors</b>	100.6	104.8
<b>Creditors</b>	(144.7)	(148.5)
<b>Net working capital</b>	2.0	5.2
<b>Employee benefits</b>	(16.9)	(14.4)
<b>Deferred tax and non-current provisions</b>	(1.3)	(3.2)
<b>Net debt</b>	(22.5)	(25.1)
<b>Net assets</b>	98.4	108.9
<b>ROACE</b>	25%	24%

## Focus on cost management

- » Overhead reductions in UK and WCE
- » Purchasing strategies to alleviate some input price pressures
  - Buy long
- » Value engineering benefits achieved in WCE
- » Labour efficiency improvements in WCE
- » China sourcing project delivery

Miles Roberts

Chief Executive

# Strategy for growth

- » Preferred supplier to major European retailers of private label household and personal care products
- » Customer partnership
  - Product innovation - machine dishwashing, textile, cleaners personal care and discount
  - Category development - marketing of private label
  - Local customer service
  - Regional development - Italy, ECE, Germany
- » Operational scale and efficiency
- » Colleagues and culture

# Acquisition of Dasty Italia SpA - background

- » Modern highly automated facilities
- » Strong position with key Italian discount retailers
- » Highly complementary customers and products
- » Italy becomes clear third largest geographic market for McBride
- » Good scope for cost synergies
- » Creates clear leader in Italian private label household products
- » Enterprise value of €29m<sup>(1)</sup>
- » €40.4m revenue in year to 31 December 2005
- » €3.9m EBIT in same period
- » Expected to be earnings enhancing in first full year <sup>(2)</sup>

(1) Subject to closing working capital adjustment

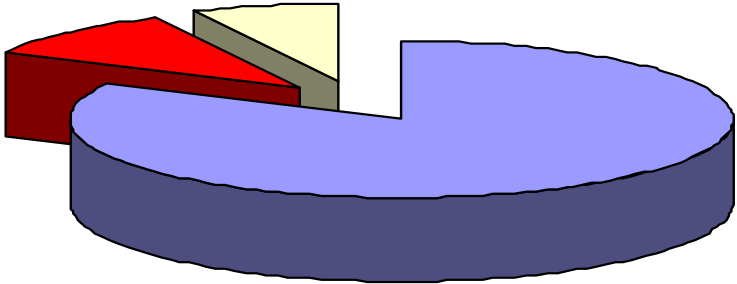
(2) Before amortisation of acquired intangible assets



# Complementary customers

McBride Italy

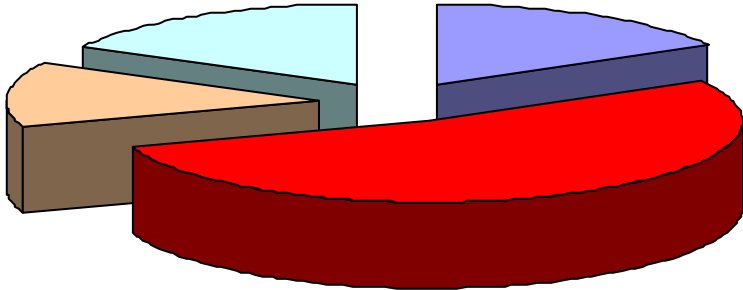
Discount 10%    McBride 7%



Private Label 83%

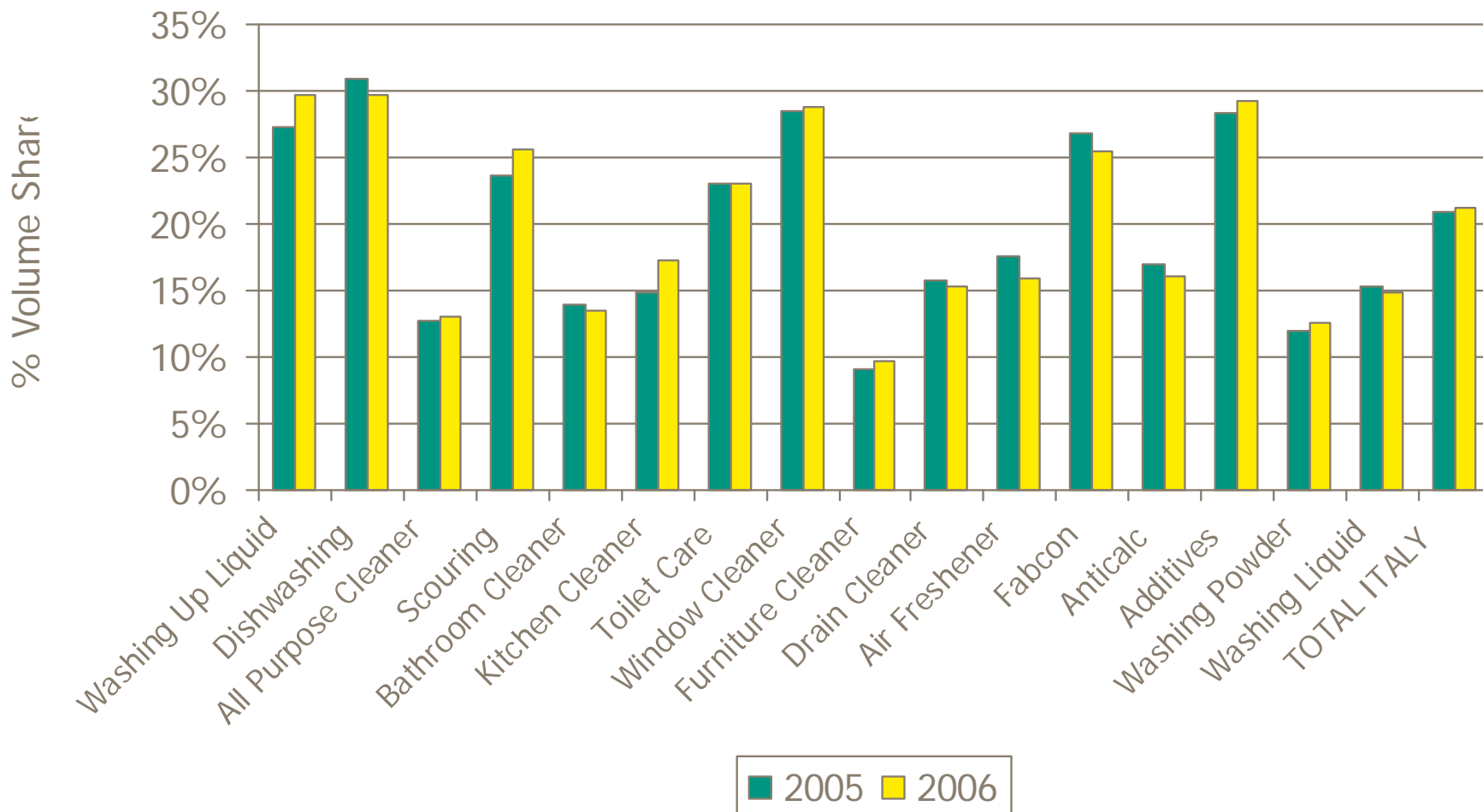
Dasty

Contract Manufacture 13%    Other 17%    Private Label 17%



Discount 53%

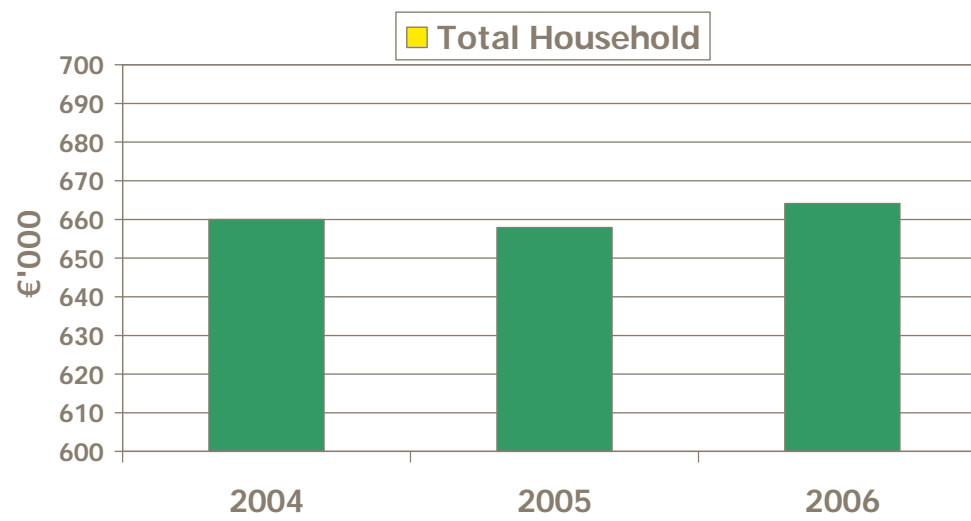
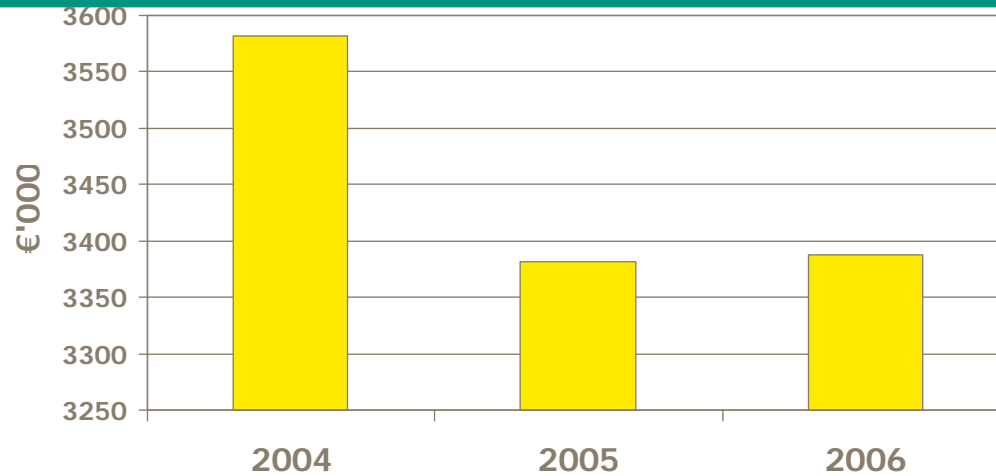
# Private Labels now account for 1 in 5 purchases of Household products in Italy



Source: IRI ( 52 weeks ending December 2006)



In France: household products market declined 5% in 2005, Private Label sales in 2006 up 0.9% in an overall flat market



Source: IRI / TNS data

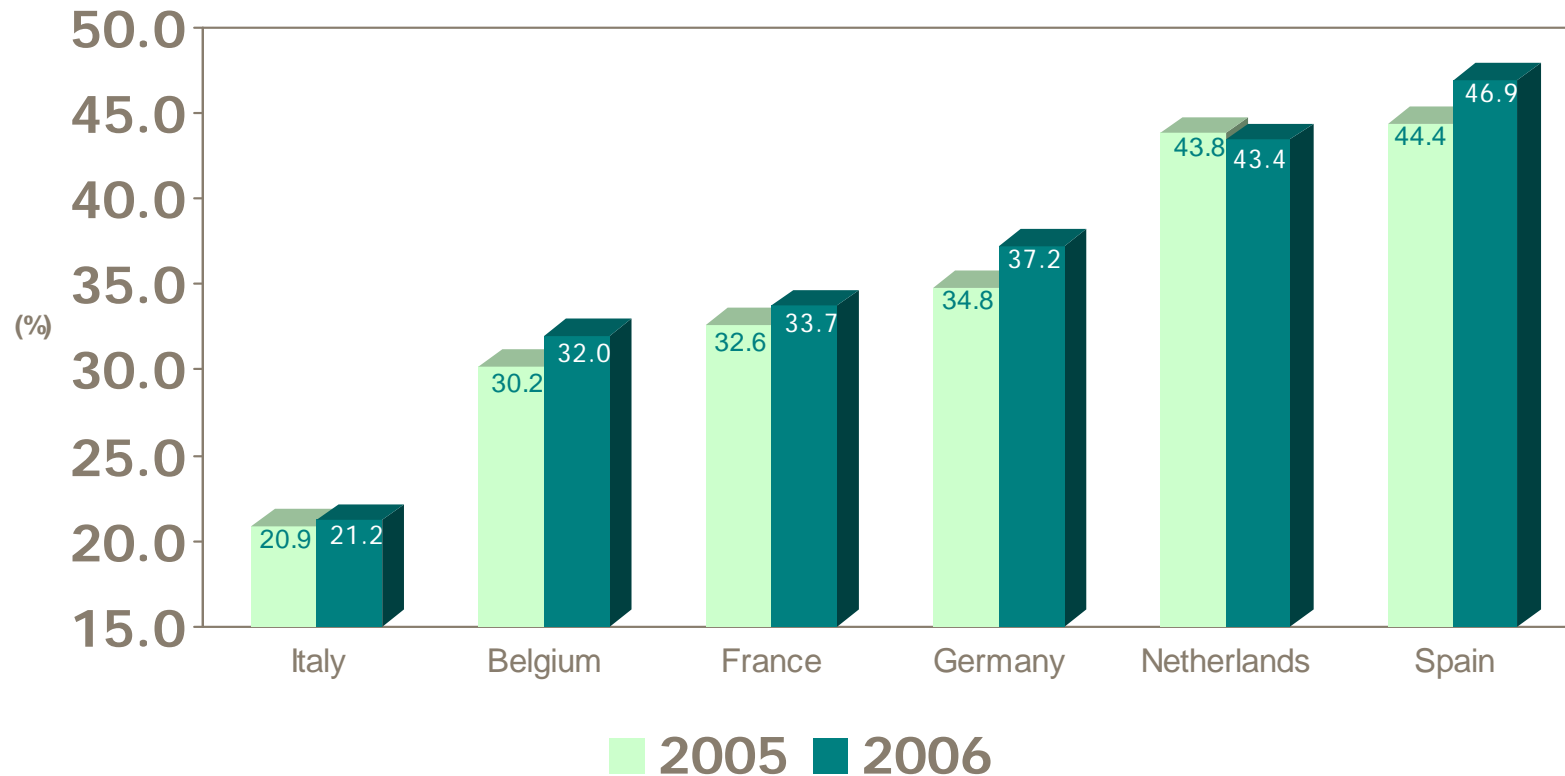


# France performance

- » Sales in Household declined; grew where focused
- » Performance good in parts
- » Completed price increases during H1, benefit H2
- » Increase Category Development and NPD
  - Premium sectors
  - Personal care
  - Ecological trends
  - Focus on certain retailers
- » Continued focus on reducing cost base

# Private label continues to grow share across Europe

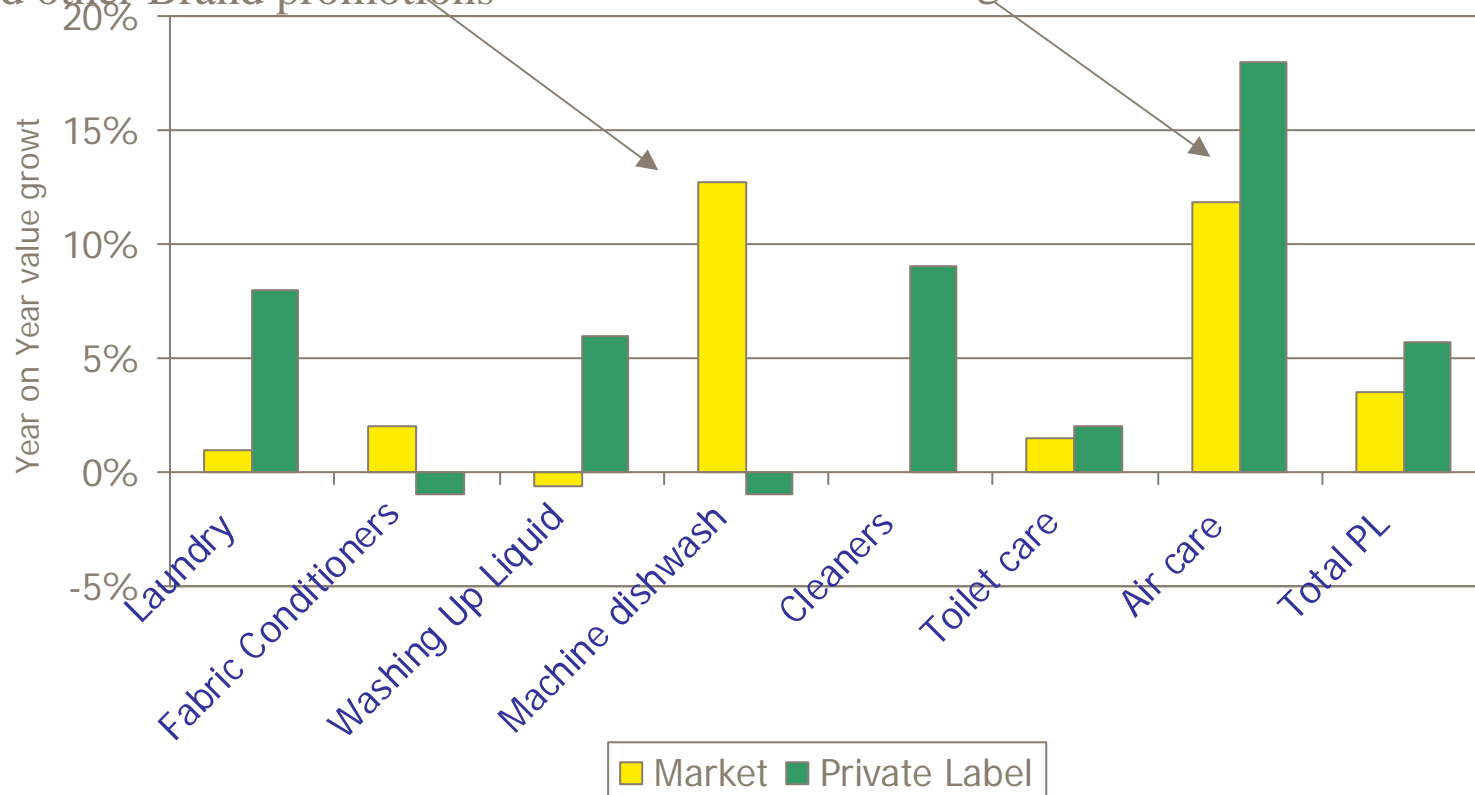
Private label volume share of European household products markets



# McBride UK Household sales up 10%, the overall market grew 3.5% with private label up 5.7%

Launch of Fairy Active Burst and other Brand promotions

Launch of premium Private Label air care ranges

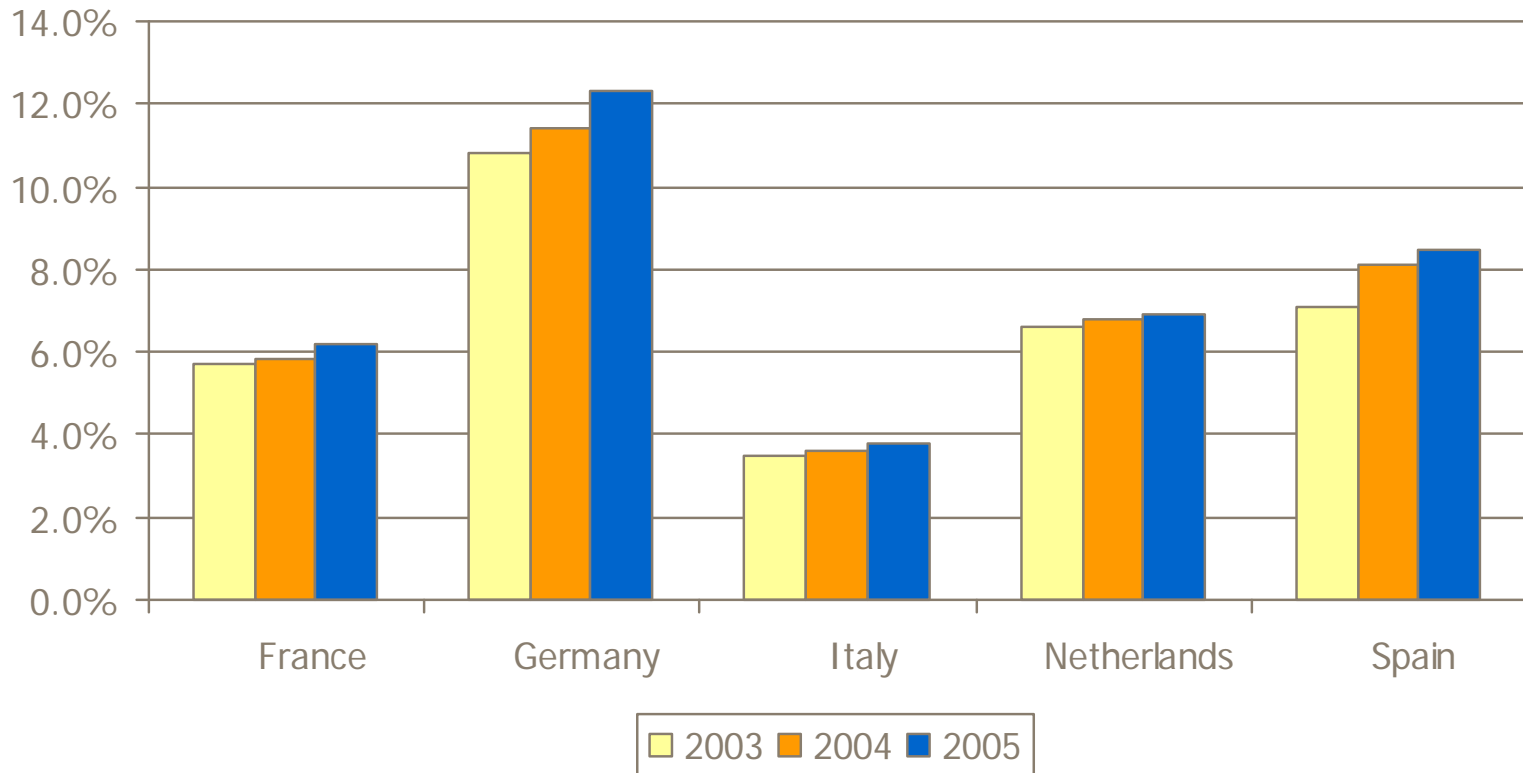


Source: TNSofres
















# McBride personal care sales up 5.8% to £56.9m. European private label future growth potential

Private Label Toiletries value share growth in core European markets



Source: Euromonitor, Sectors inc Baby, Bath additives, Deodorants, hair care excl Colours, Men's toiletries and Oral care

# The Discount format is continuing to develop across Europe

Country	Discounter share	Trend	Main Players
UK	5%		Aldi, Lidl, Netto
Belgium	14%		Aldi, Lidl,
France	13%		Aldi, Lidl, Leaderprice, ED
Germany	37%		Aldi, Lidl, Penny, Plus, Norma
Italy	7%		Lidl, Eurospin. Penny, LD
Holland	15%		Aldi, Lidl
Spain	10%		Mercadona, Lidl, Aldi, Dia
Poland	15%		Biedronka, Lidl, Leaderprice, Plus , Aldi
Czech	20%		Lidl, Penny , Plus, Norma
Hungary	10%		Lidl, Penny , Plus
Denmark	N/A		Netto, Aldi, Lidl
Sweden	4%		Lidl, Netto
Finland	2%		Lidl

# Strategy for growth

- » Operational scale and efficiency
  - » Focus, investment, China
- » Colleagues and culture
  - » Competitive advantage through quality of people, attitudes and behaviours - genuine teamwork

## Summary

- » Results and current trading in line with expectations
- » Good performance in UK, Italy, Spain and Personal care
- » Focus on customer partnership, operational scale and efficiency, colleagues and culture
- » Acquisitions will add scale in relevant markets
- » Continuing to review growth opportunities