



*Passionate
about
Private Label*

2009-10

Full Year Results

2 September 2010



Introduction

Iain Napier - Chairman



Passionate about Private Label

Introduction

- Strategy consistently and successfully applied
- Record level of
 - Revenue
 - Operating profit
 - Cash generation
- Continued improvement in Return on Capital Employed
- Proposed final dividend up 12% to 4.8p (2009: 4.3p)



Summary

Chris Bull



Passionate about Private Label

Summary

- Revenue growth of 1% on constant currency basis
- Profit and margin growth at all divisions
- Increases in raw materials prices in H2
- Price increase recovery plan on track
- 3 acquisitions completed; 2 of which in strategic Personal Care categories
- Strong cash generation and net debt reduced by £22.4m to £60m
- Finalised new 5 year €175m revolving credit facility
- Strategy refresh
- Trading since year end in line with expectations



Financial review

Richard Armitage - Finance Director

Financial headlines



	2009-10	2008-09	Y/Y
Revenue (£m)	812.2	792.4	+2%
EBIT (£m)	50.0	36.2	+38%
EBIT margin	6.2%	4.6%	+1.6pts
Profit before tax (£m)	44.4	31.0	+43%
Diluted earnings per share (pence)	18.1	12.8	+41%
Dividend per share (pence)	6.8	6.0	+13%
Cash generated from operations (£m)	85.1	61.8	+38%
Net debt (£m)	60.0	82.4	-27%
Financial KPI's			
ROCE	25.9%	17.1%	
EBIT margin	6.2%	4.6%	
Asset turnover	4.2	3.7	

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



Income statement



	2009-10 £m	2008-09 £m	Y/Y
Revenue	812.2	792.4	+2%
Gross profit	296.8	268.2	+11%
Gross margin	36.5%	33.8%	+2.7pts
Distribution costs	(54.0)	(52.7)	+2%
Administrative costs	(192.8)	(179.3)	+8%
EBIT	50.0	36.2	+38%
Net financing costs	(5.6)	(5.2)	+8%
Profit before taxation	44.4	31.0	+43%

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



Regional performance

	Revenue ^{(1) (4)}			Operating profit ⁽¹⁾⁽²⁾⁽³⁾		
	2009-10 £m	2008-09 £m	Y/Y	2009-10 £m	2008-09 £m	Y/Y
UK	316.9	308.4	+3%	22.1	17.5	+26%
Western Continental Europe	461.6	452.4	+2%	34.6	23.3	+48%
Eastern Continental Europe	33.7	31.6	+7%	2.5	1.8	+39%
Asia				(0.4)	(0.4)	+0%
Corporate costs				(8.8)	(6.0)	+47%
Total	812.2	792.4	+2%	50.0	36.2	+38%

(1) Revenue and operating profit by geographic origin

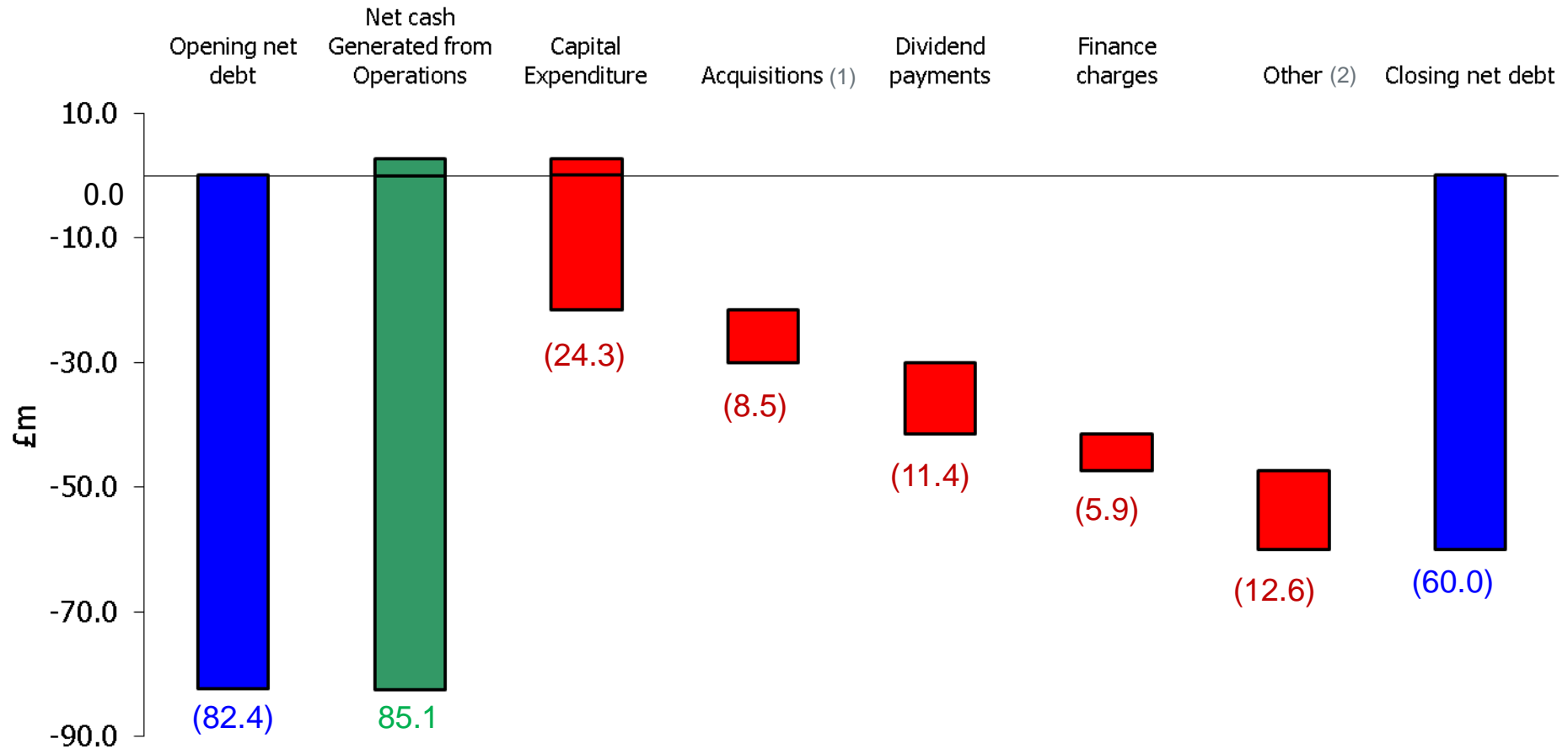
(2) All figures are before amortisation of intangible assets and exceptional items

(3) On adoption of IFRS 8 restated to remove management charges which are not in segment profit reported to the Group Management Team.

(4) Revenue on an external sales basis (i.e. excluding intra-group sales)



Movement in net debt June 2009 to June 2010



(1) Acquisitions includes £8.4m net cash consideration and £0.1m debt acquired

(2) Other includes tax payments, payments re exceptional items, share issues, repurchase of own shares, asset disposals and foreign exchange.

Cash Generation 2010

	2009-10 £m	2008-09 £m
Cash generated from operations ⁽¹⁾	85.1	61.8
Other net outflows	(51.8)	(25.6)
Free cash flow	33.3	36.2
Dividends	(11.4)	(10.1)
Exchange	0.5	(5.2)
Debt reduction	22.4	20.9
Opening net debt	(82.4)	(103.3)
Closing net debt	(60.0)	(82.4)

(1) Cash generated from operations excludes cash flow in respect of exceptional items

Exceptional items 2009-10



	<u>WCE</u>	<u>UK</u>	<u>Total</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Redundancy	3.8	1.6	5.4
Asset write off	3.5	1.5	5.0
Other*	1.9	0.5	2.4
Total	9.2	3.6	12.8

* Other includes external consultancy, logistics and storage costs

- Restructuring programmes at Solaro plant in Italy (WCE) and at St Helens and Middleton in the UK
- Total cash cost £7.7m, expected annualised cost savings £6.5m

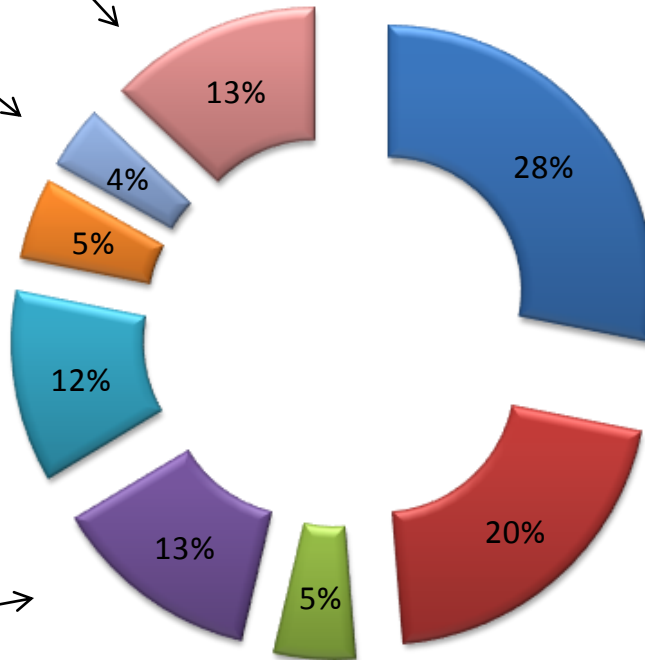
Material Purchases

e.g. Recycled paper and pulp

e.g. Triggers, pumps

e.g. Aluminium, tinplate

e.g. HDPE, PET, PP

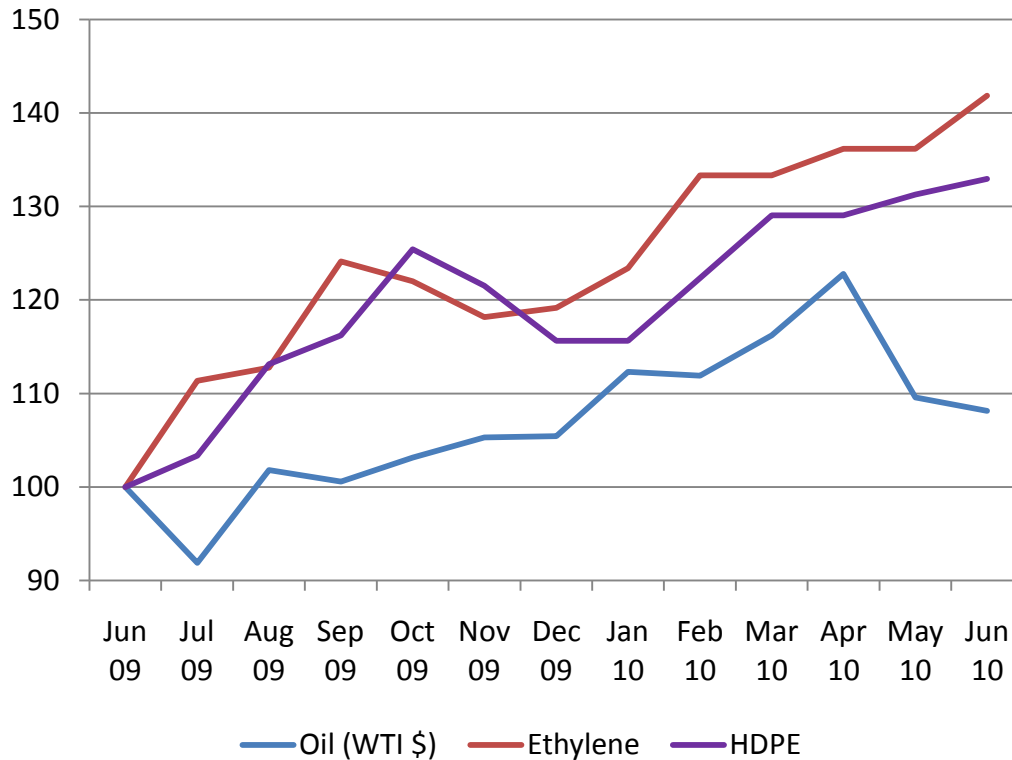


- Chemicals & bases
- Surfactants
- Fragrances
- Polymers, solvents
- Bottles, caps, tubes, lids
- Aerosols
- Components
- Cartons and labels

e.g. Ethylene oxide, Vegetable oils



Managing Material costs is a core skill

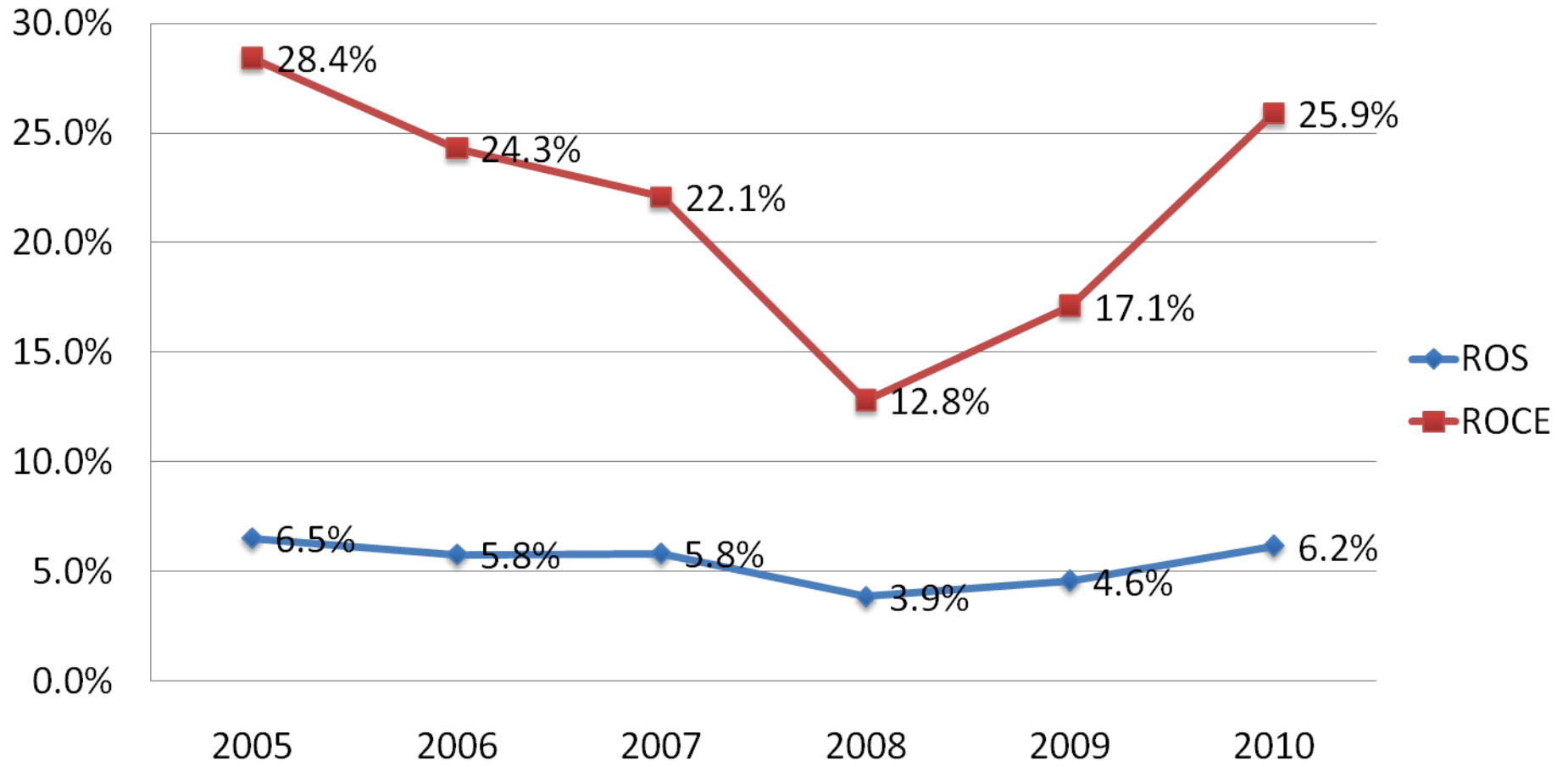


- An increased Procurement team, organised on a Group basis, with c.50% new high-quality staff
- Development of procurement strategies for key categories that leverage McBride's scale
- Hard negotiation
- Improved forecasting
- Product re-engineering and alternative sourcing
- Hedging through taking longer contracts where appropriate
- Supplier risk management

Source: ICIS June 2009 = 100



Historical ROS and ROCE



Business review

Chris Bull



Passionate about Private Label

Agenda

- Project Refresh
- Acquisitions
- Private Label opportunities
 - Global trends
 - Household and Personal care – main markets
- Summary



McBride strategy



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Driving superior shareholder value by:

- being the leading provider of household and personal care products of exceptional value and performance to our customers and their consumers
- being the supplier of choice to all retailers in our chosen markets
- To do this we:
 - **Focus on our Customers**
 - **Engage our people**
 - **Drive our performance**



Project “Refresh”



Objective

- To sharpen focus to create an even more robust business model
 - Category review
 - Ways of Working
 - Supply chain efficiency / effectiveness
 - Geography and acquisitions



Category Review



- McBride has focussed on 5 growth Categories
 - Laundry liquids
 - Machine dishwashing
 - Specialist cleaners
 - Air care
 - Personal Care
- Review to be completed by Q1 2011
 - Changes in growth category status
 - Review of category extension opportunities



Ways of working

Objective : Leverage size, scale and capabilities

- Building strategic relationships with customers
- Exploit geographic footprint to respond to international customer developments
- More effectively deploy our R & D capability across geographies
 - speed to market

Supply chain effectiveness / efficiency



- Review optimum supply chain footprint
- Lowest cost to serve
- Continue to drive our operational efficiency



Acquisitions

2009-10

Profitable Niche Brand

- Acquisition of Homepride Limited, a supplier of Specialist household cleaning products at net cash paid of £4.7m

Entry into Asia

- Acquisition of Fortlab Holdings Shd Bhd, a Malaysian based manufacturer of Personal Care products at net cash cost of £3.7m
- Good customer relationships, research and product development capability, production facilities in Malaysia and Vietnam



Acquisitions

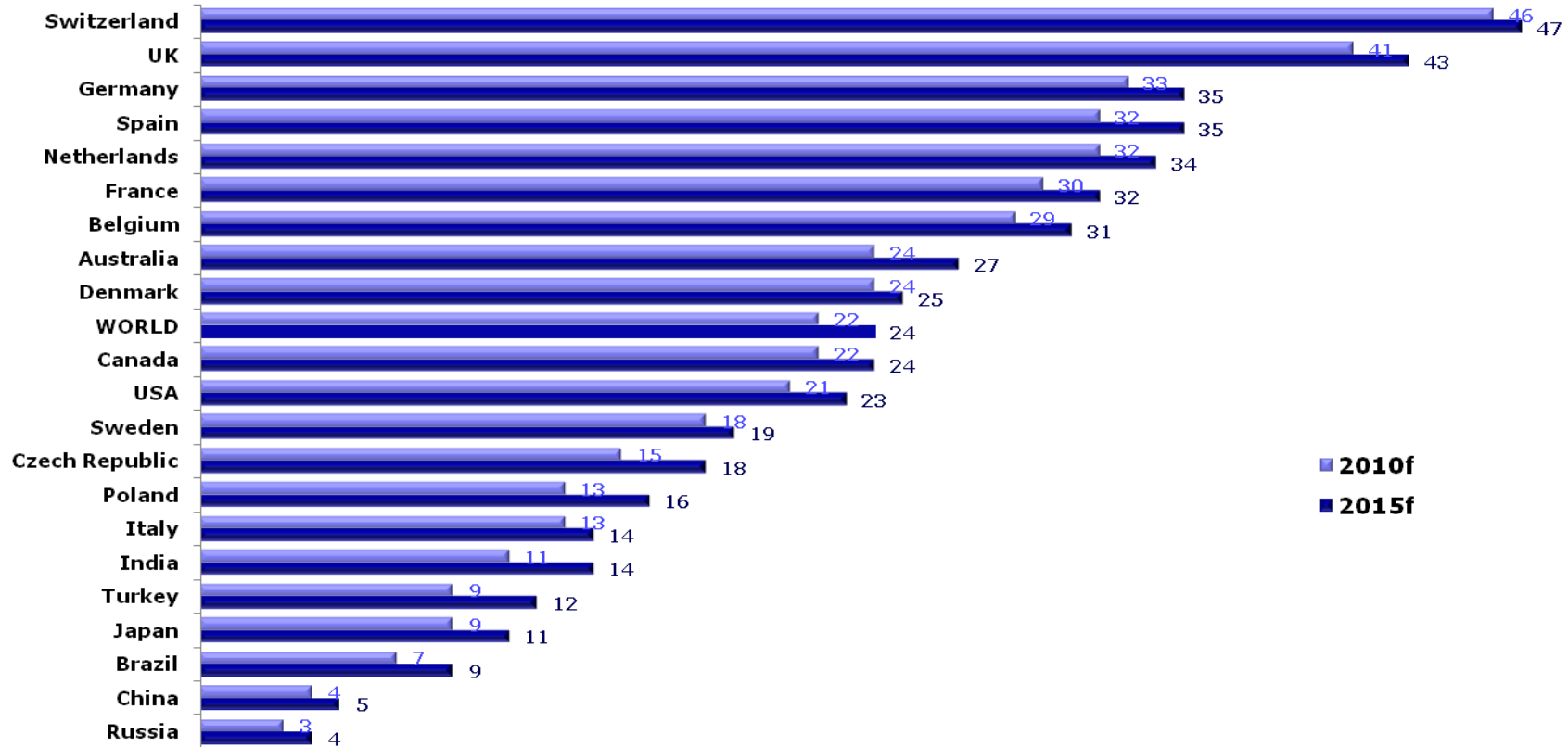
Strategic entry into Skincare

- Acquisition of Dermacol, a Czech manufacturer of skincare products ,
Expected consideration £8m for 70% plus earn-out in 2017
- Established Private Label product range in the largest sector of the
European Personal Care market
- Base for future growth in our skincare business
- Expands our presence in the growing Central European markets in a
low-cost location

Private Label is 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 growth outperforming top 5 Global Household Care Companies



Company	2008	2009	Trend in Market share
Procter & Gamble	18.7%	18.6%	↓
Unilever	10.2%	10.1%	↓
Reckitt Benckiser	8.9%	8.7%	↓
Henkel	7.0%	6.6%	↓
Private Label	6.3%	6.4%	↑
SC Johnson	6.3%	6.2%	↓
Colgate Palmolive	3.7%	3.8%	↑
Kao Corp	2.0%	2.3%	↑
Clorox	1.7%	1.8%	↑
Sara Lee	1.7%	1.4%	↓

Source: Euromonitor : Global ranking of Household Products manufacturers (2010)



Private Label Personal Care enters Global Top Ten Personal Care and beauty rankings



Company	2008	2009	Trend in Market share
Procter & Gamble	11.9%	11.7%	↓
L'Oreal	10.4%	10.1%	↓
Unilever	6.6%	6.8%	↑
Colgate Palmolive	3.7%	3.7%	→
Avon	3.4%	3.4%	→
Beiersdorf	3.3%	3.3%	→
Estee Lauder	3.2%	3.1%	↓
Johnson & Johnson	2.9%	2.9%	→
Shiseido	2.4%	2.5%	↑
Private Label	2.3%	2.4%	↑

Source: Euromonitor : Global ranking of Personal Care products manufacturers (2010)



Private label performance



- **UK**

Household Private Label share dipped mid year as a result of prolonged deep – cut branded promotional activity but finished with volume share in line with prior year at 31%

Private Label Personal Care volume share ended slightly lower compared to the prior year at 20.2% (2009: 21.5%)

- **France**

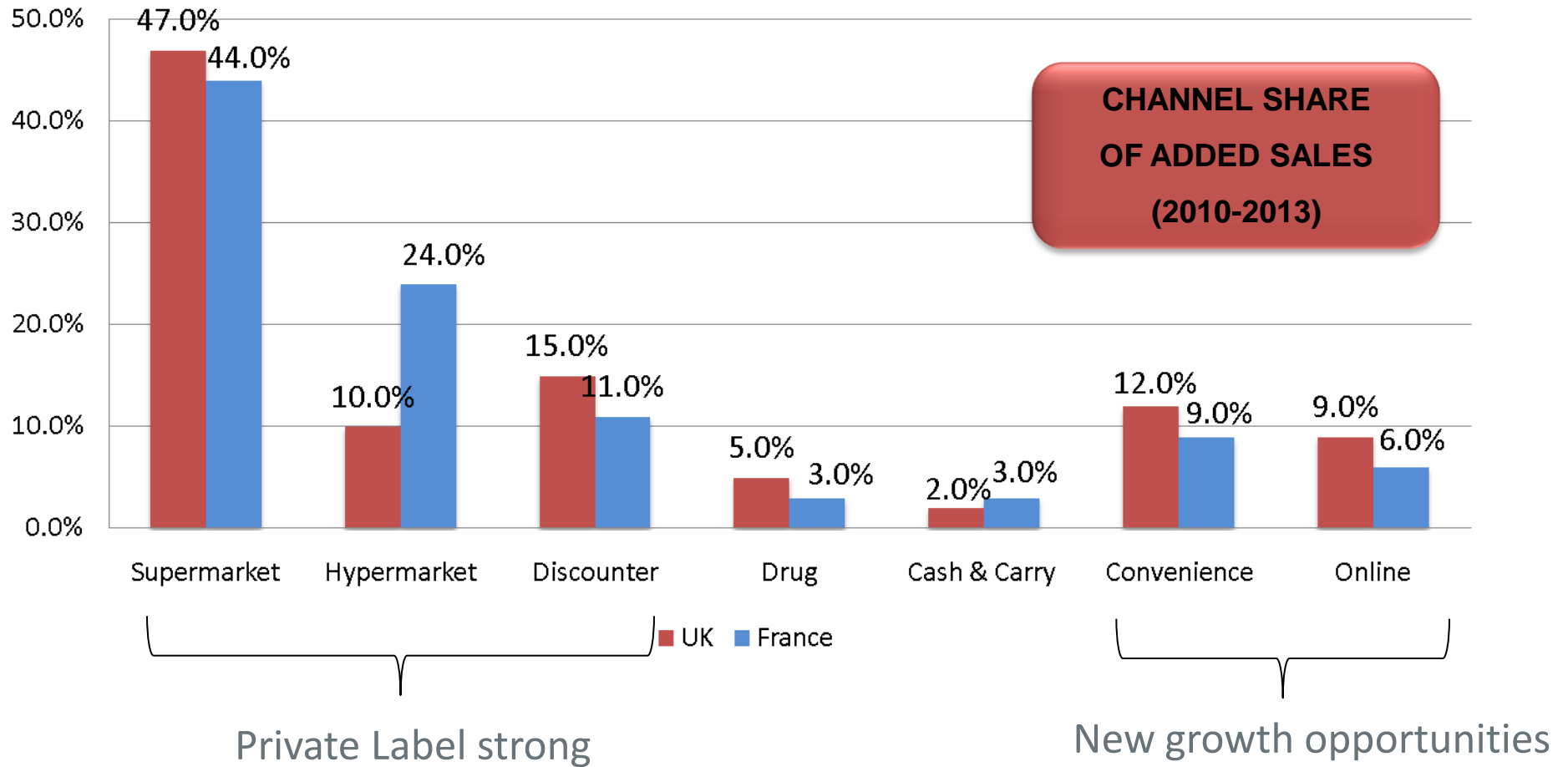
Household Private Label demand in hyper and supermarket channels remained strong, but hard discounters lost share resulting in Private Label household volume share marginally down for the year at 35.4% (2009: 35.7%)

Private Label Personal care showed strong growth with Private Label volume share increased to 23.6% (2009: 22.9%)

Source: Kantar Retail / IRI



Growth opportunities



Source: Kantar Retail



Private Label opportunities

- Private Label gaining globally
- Consumers are increasingly price sensitive and willing to switch purchases
- Retailers re-emphasising Private Label ranges
- Further growth opportunities for Private Label in customising for new channel developments



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Thank you



Appendices



FortLab Malaysia / Vietnam



- Why Fortlab/Newlane?
- Talented team
- Product Range similar to McBride
- Good customer relationships
- Good Research & Product Development capability
- Capacity to grow sales / production

FORTLAB



Kuala Lumpur, Malaysia

Newlane
cosmetics



Ho Chi Minh, Vietnam



Fortlab product expertise: Malaysia / Vietnam:



- Personal Care:

- Shampoo
- Shower Gels / Crème
- Body Lotions
- Moisturisers
- Baby Care



- Skin Care:

- Whitening
- Anti Ageing
- Oil Control



- Health Foods:

- Liquid & Powder Health Supplements
- Anti Ageing
- Detox
- Slimming



- Pharma:

- Mouthwash
- Cracked Heel Cream
- Nappy Rash Cream
- Multi Vitamin Syrup



Dermacol skincare capabilities



Over 650 Formulations

- Emulsions, including creams, milks and sun protection products with organic and inorganic filters
- Toners, with & without alcohol
- Hydro gels
- Gel creams
- Oils, including bi-phase

Filling & Packing capabilities

- Bottles (up to 500ml)
- Jars, including glass, with shives and foil sealed
- Tubes, including oval
- Lotion pumps, including glass for serums
- Airless pumps
- Sachets
- Cartoning & leaflet inserts

Facial Skincare, including cleansers, moisturisers, serums, face washes & scrubs and self tans



Body Care, including hand & foot creams, lotions, creams and body performance products

Sun Care



Mens

