



*Passionate
about
Private Label*

2011-12
Interim Results

9 February 2012



Introduction

Iain Napier - Chairman



Introduction

- A satisfactory revenue performance in a challenging economic environment
- Net debt within Board targets
- Strategic initiatives on track
- Board changes completed
- Interim dividend maintained at 2.0p (2010: 2.0p)



Summary

Chris Bull



Passionate about Private Label

Summary

- Revenue growth of 2% on a constant currency basis
- Private Label market shares growing across Europe
- “Refresh” initiatives delivering
- Adjusted operating profit¹ down 49% driven by time-lag in recovering previously announced increases in raw material input costs
- Net debt of 1.9x annualised adjusted EBITDA ¹

(1) Figures do not include 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



Financial review

Richard Armitage - Finance Director



Financial headlines

	2011-12 H1	2010-11 H1	Y/Y
Revenue (£m)	423.1	407.9	+4%
EBITA (£m)	10.3	20.2	-49%
EBITA margin	2.4%	5.0%	-2.6pts
Profit before tax (£m)	7.3	16.9	-57%
Diluted earnings per share (pence)	3.0	6.9	-57%
Payments to shareholders per share (pence)	2.0	2.0	+0%
Cash generated from operations (£m)	17.3	27.2	-36%
Net debt (£m)	85.2	72.2	+18%

2010-11 Revenue at constant currency £412.8m, +2% growth

2010-11 H2 EBITA £8.8m, +17% growth

Financial KPIs

ROCE	10.3%	20.7%
EBITA margin	2.4%	5.0%
Asset turnover	4.3	4.1

(1) Figures do not include 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

	2011-12 H1 £m	2010-11 H1 £m	Y/Y
Revenue	423.1	407.9	+4%
Gross profit	128.8	139.4	-8%
Gross margin	30.4%	34.2%	-3.8pts
Distribution costs	(28.2)	(27.4)	+3%
Administrative costs	(90.3)	(91.8)	-2%
EBIT	10.3	20.2	-49%
Net financing costs	(3.0)	(3.3)	-9%
Profit before taxation	7.3	16.9	-57%

(1) Figures do not include 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



	2011-12 £m	2010-11 £m	Y/Y	Constant Currency	
				2010-11 £m	Y/Y
UK	163.5	159.0	+3%	159.0	+3%
Western Continental Europe	211.4	203.4	+4%	208.4	+2%
Central and Eastern Europe	71.3	67.6	+5%	68.0	+5%
Asia	5.1	5.3	-4%	5.3	-4%
Sub-total	451.3	435.3	+4%	440.7	+2%
Eliminations	(28.2)	(27.4)	n/a	(27.9)	n/a
Total	423.1	407.9	+4%	412.8	+2%

(1) Revenue is by geographic origin

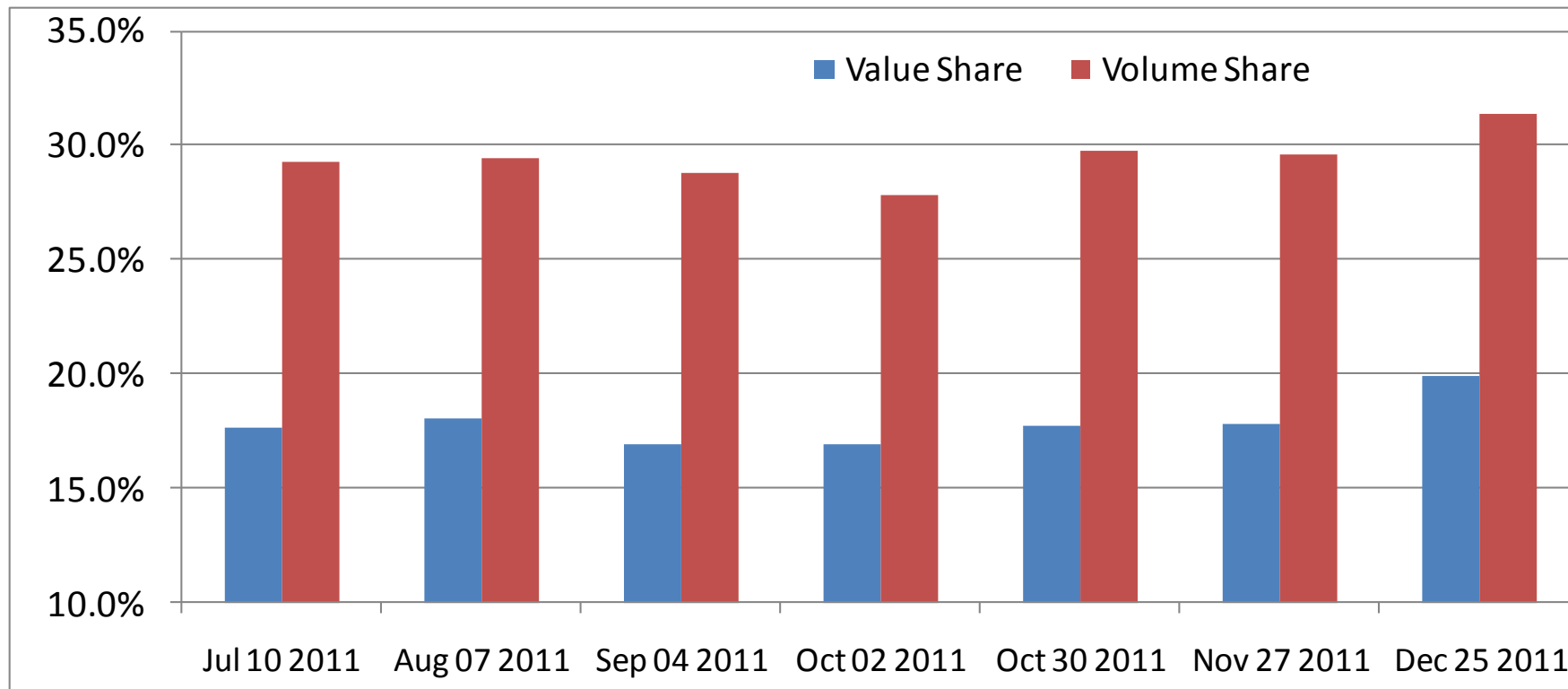


UK Household Private label

Value and Volume share July – Dec 2011



Volume share highest since July 2010 and value share highest since July 2009



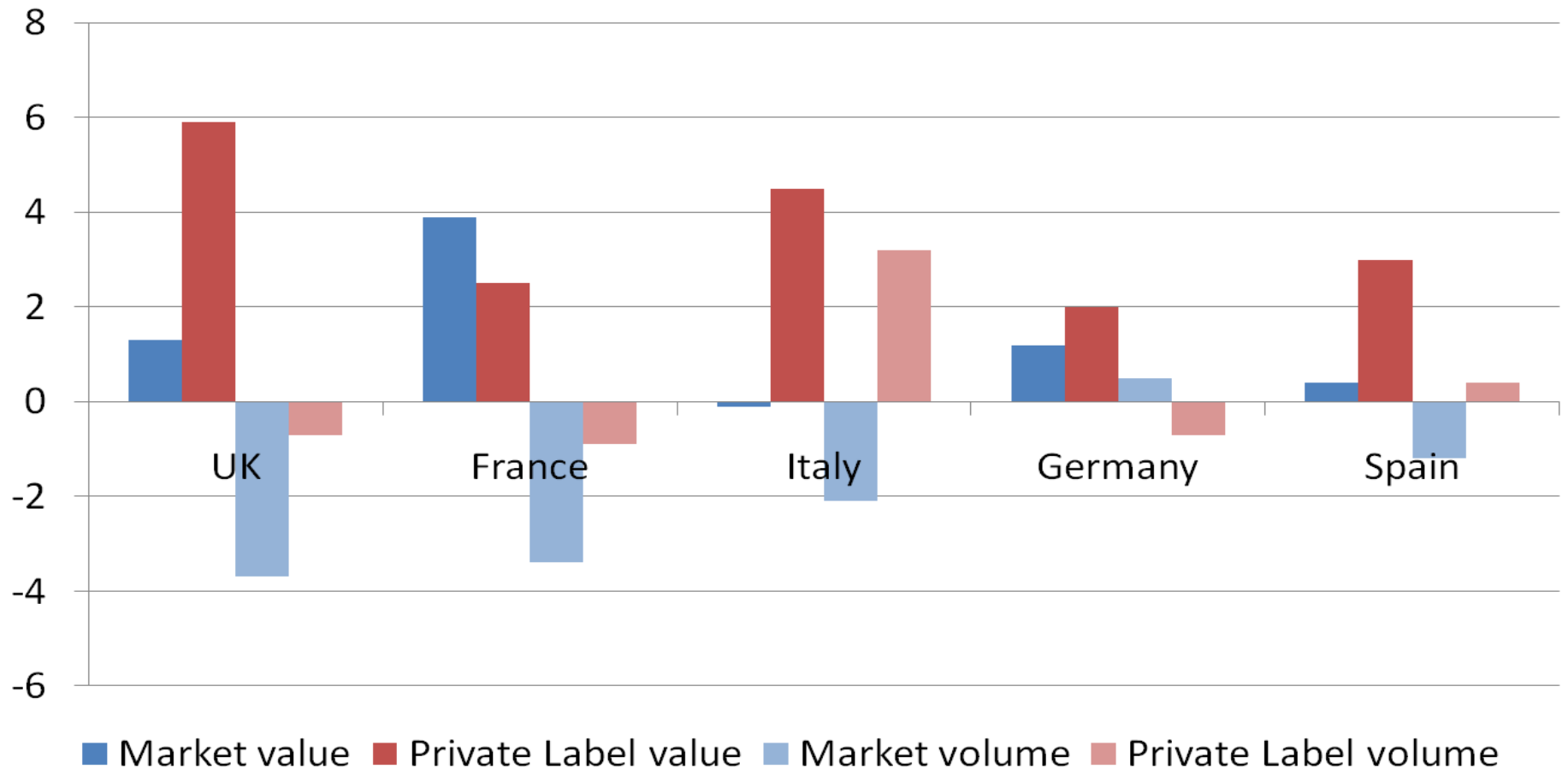
Source: Kantar Worldpanel



Good Private Label momentum maintained in Household products across Europe



% change vs 2010



UK data 26 weeks to Dec 2011

France, Italy, Germany, Spain 52 weeks to Dec 2011

Sources: Kantar Worldpanel (UK), Symphony IRI, GfK



Regional performance – Operating profit

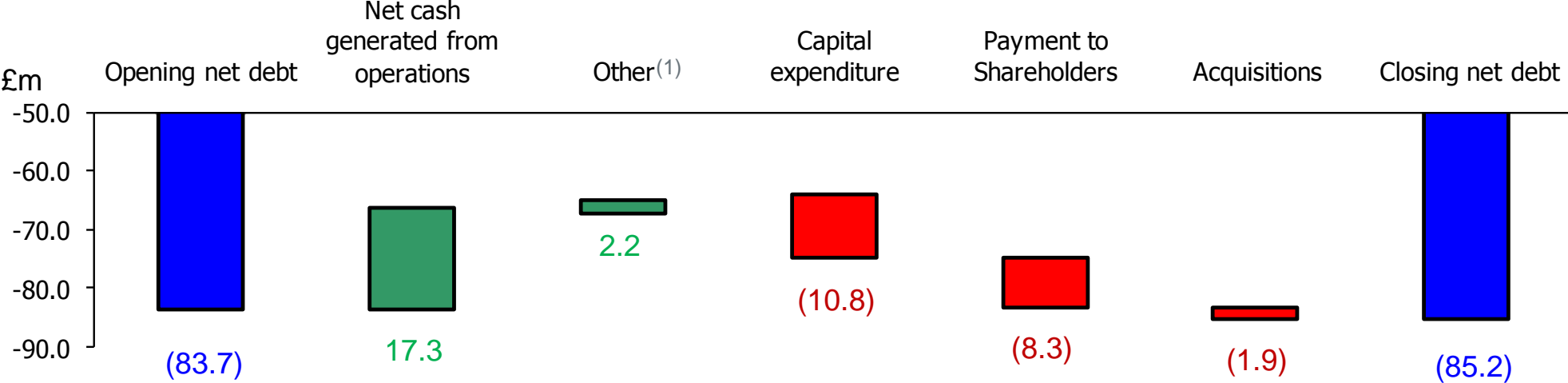


	2011-12	2010-11	Y/Y
	£m	£m	
UK	5.4	8.3	-35%
Western Continental Europe	6.2	12.8	-52%
Central and Eastern Europe	2.3	3.4	-32%
Asia	0.1	0.1	n/a
Corporate costs	(3.7)	(4.4)	+16%
Total	10.3	20.2	-49%

(1) Figures do not include 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



Movement in net debt June 2011 to December 2011

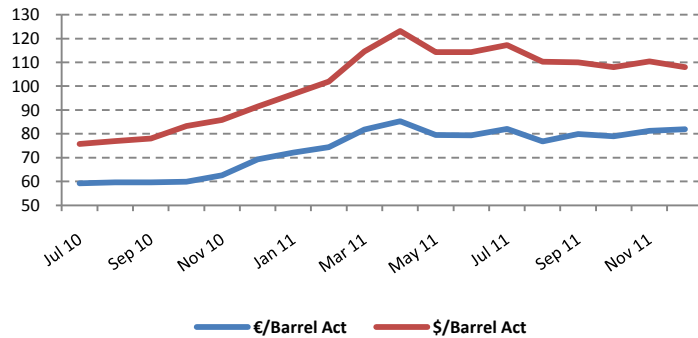


(1) Other includes tax, finance costs, payments re exceptional items, purchase of treasury shares and foreign exchange



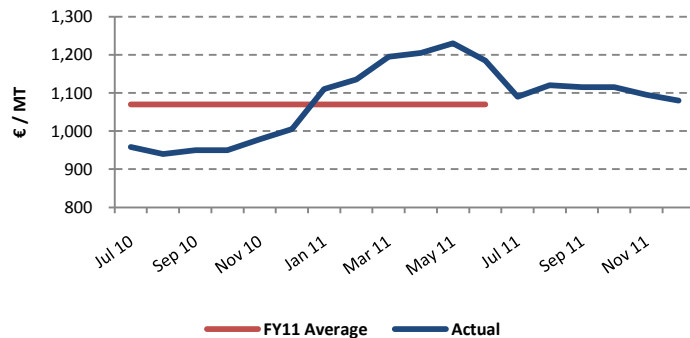
Material cost environment – stable for now

Oil



- Oil dipped in May/June and has then remained at around €110/barrel
- Ethylene dipped temporarily in July then has remained stable at around €1,100 per MT
- Euro has weakened from \$1.43 in July to around \$1.30; limited impact so far offset by favourable €:£ exchange rate
- Overall material costs expected to be broadly in line with last year

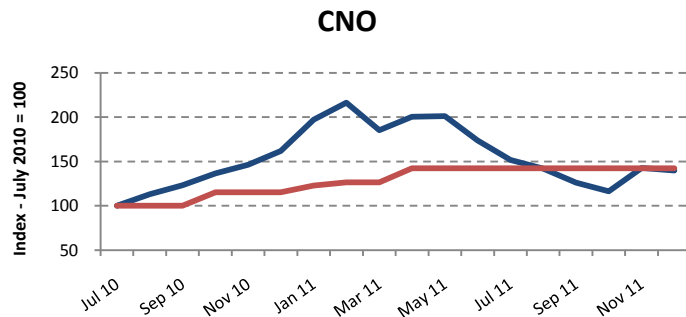
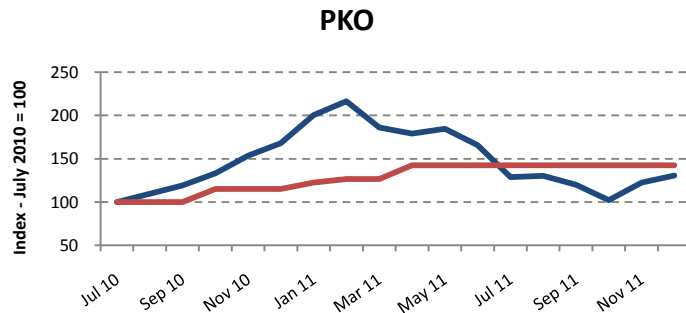
Ethylene



Market price sources: CMAI, ICIS



... our strategic sourcing is delivering real value



- Strong negotiation and careful application of long contracts used to smooth feedstock volatility creating some stability
- McBride scale enables long-term relationships with large-scale suppliers; 2011 supplier conference resulted in 100 suppliers engaged in McBride's development
- Scale of material cost reduction and value engineering projects considerably expanded
- Indirect Procurement addressing significant non-material cost opportunities for the first time



“Refresh” on track, additional benefits identified



- Supply Chain re-structuring delivering



£7m annualised savings by FY14

- Operational Excellence programme implemented at all sites, with projects identified and savings delivering ahead of plan in the year to date



£5m gross savings (£1m net) identified for FY12, on track for £4m net by FY14

- Implementation costs and benefits of programme in line with plan



Exceptional cost £21m , (£13m cash)
£7m annualised savings

- Opportunities to accelerate further cost savings being sought



Refresh Strategy Implementation

Chris Bull



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



Refresh Strategy Implementation



- Getting the cost base right !



What we have done: Manufacturing rationalisation

UK Liquids

- Consultation on closure of UK Household liquids site concluded 19/10/2011
- 6 lines transferred
- Remaining 6 lines to be transferred by March 2012 in line with plan
- Record efficiency maintained during transfer

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
- Consultation underway in line with legal timetables

Summary of Project economics

One-off pre-tax exceptional charges £21m

Cash expenditure £13m

Annualised savings £7m

Delivering in line  with plans and accelerating



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:
 - Hull – Inventory reduction programme, Saving £900k
 - Middleton - Bottle handing, Saving £600k
 - Estaimpuis Production layout , Saving €550k
 - Foetz – efficiency improvements ,€400k
 - Strelce Improved filling efficiency, €50k

Reviewed

- Direct labour improvements
- Material usage improvement
- Overhead savings

Estimated cumulative benefit of £6.0m

- Year 1 £1.0m
 - Year 2 £2.0m
 - Year 3 £3.0m
- £6.0m**



Refresh Strategy Implementation

- Winning in the marketplace !



Private Label Trends: 2012

- **“Private labels are well positioned for future growth** due to continued consumer quest for value, improved quality perception and – crucially for retailers – a means of avoiding direct price comparisons.
- **Opportunities for additional investment in premium and niche ranges** targeting specific ethnic and age groups, as well a diversification into higher-margin services.
- **Customer endorsement** will catch on around the world, **elevating private labels to a higher status** and instilling trust and loyalty among shoppers.
- New market entries and ongoing M&A activity by large multi-nationals means that **private label will be spurred on in emerging economies.**
- At the same time, there will be **further opportunities for globalisation** by distributing private labels through other retailers as well as global sourcing initiatives.”

Source: Planet Retail webinar Jan 2012

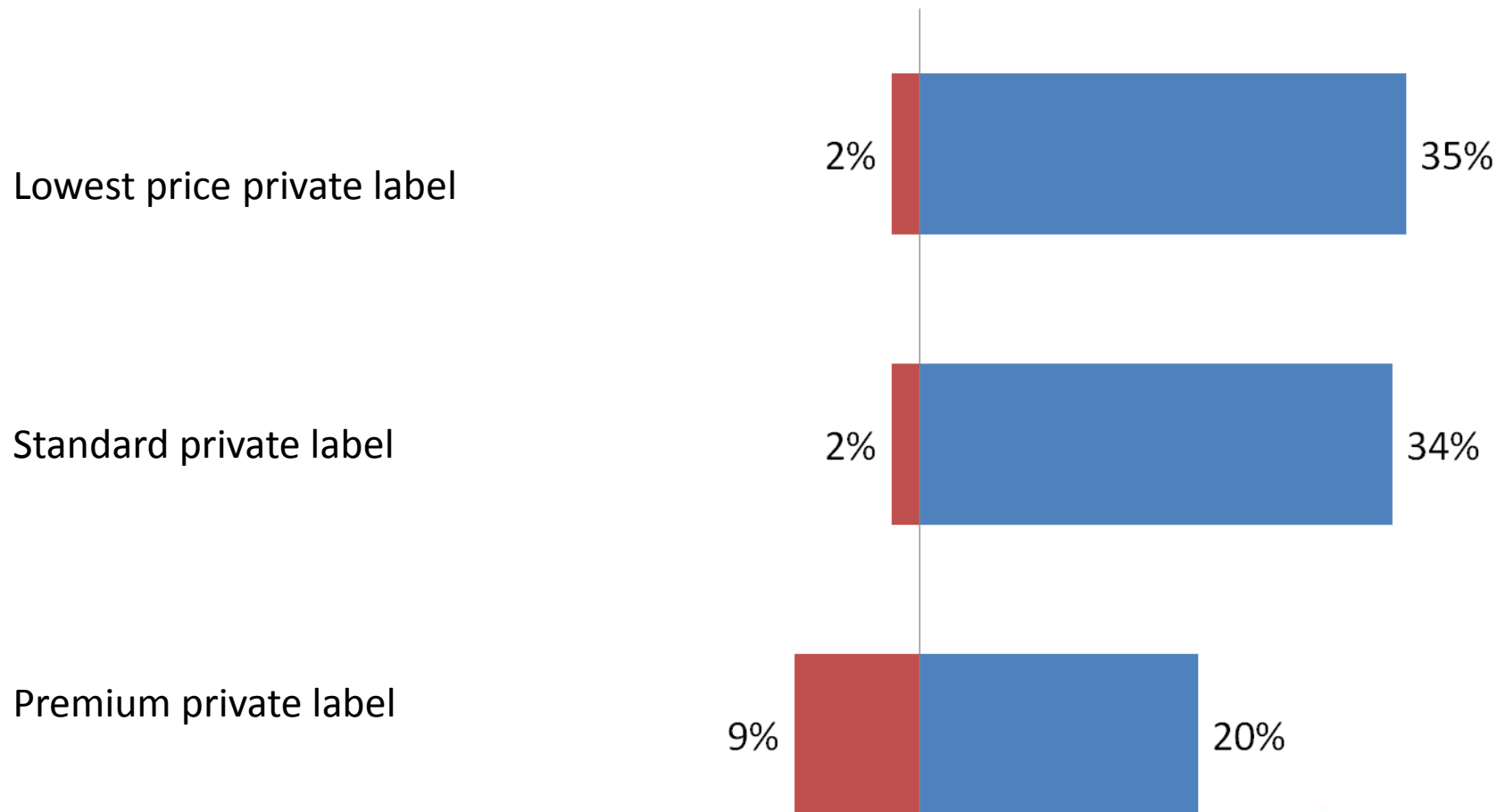
“ Private Label 2012 - The year of the Consumer”

UK Consumers are expecting to purchase more Private Label products over the next 12 months



Shopper intentions Dec 2011

■ Less (among past month buyers) ■ More



IGD ShopperTrack, base: all main shoppers, fieldwork Dec'11

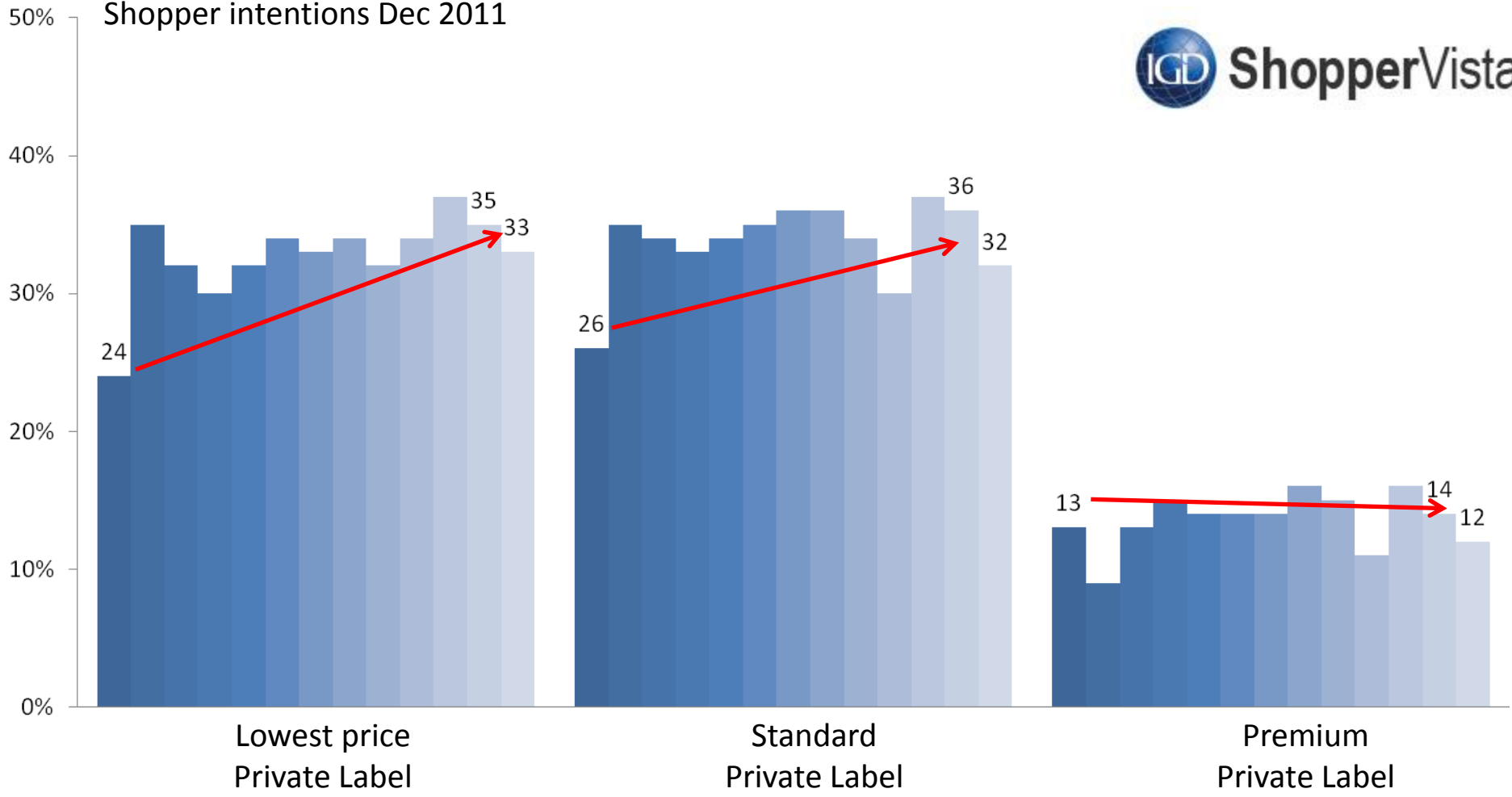


Consumers are increasingly looking for value as part of their weekly shopping strategies



net % = expect to buy more in next 12 months - expect to buy less among past month users

Shopper intentions Dec 2011



IGD ShopperTrack, base: all main shoppers, fieldwork Dec '11,



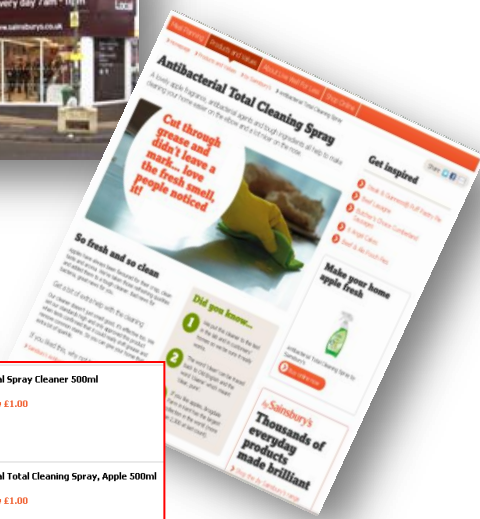
Winning in Core Growth Categories:



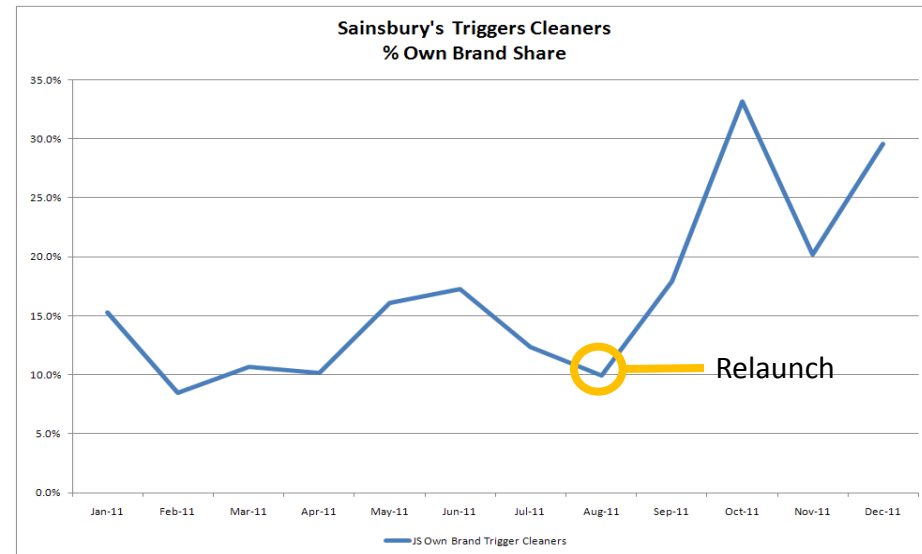
J Sainsbury's : Trigger Cleaners Category Growth Plan



Merchandising, Promotion & Channel Plans



-  Sainsbury's Antiseptic Spray Cleaner 500ml
Save 30p was £1.30 now £1.00
-  Sainsbury's Antiseptic Total Cleaning Spray, Apple 500ml
Save 30p was £1.30 now £1.00



Winning in mature Categories : through category segmentation



Efficacy - Functionality



Antibacterial

Power degreasers

Hand care



Hand renewal

Nail protection

Vitamins

Hypoallergenic

Ecology



100% natural

New brands

Refills

Scent-sations



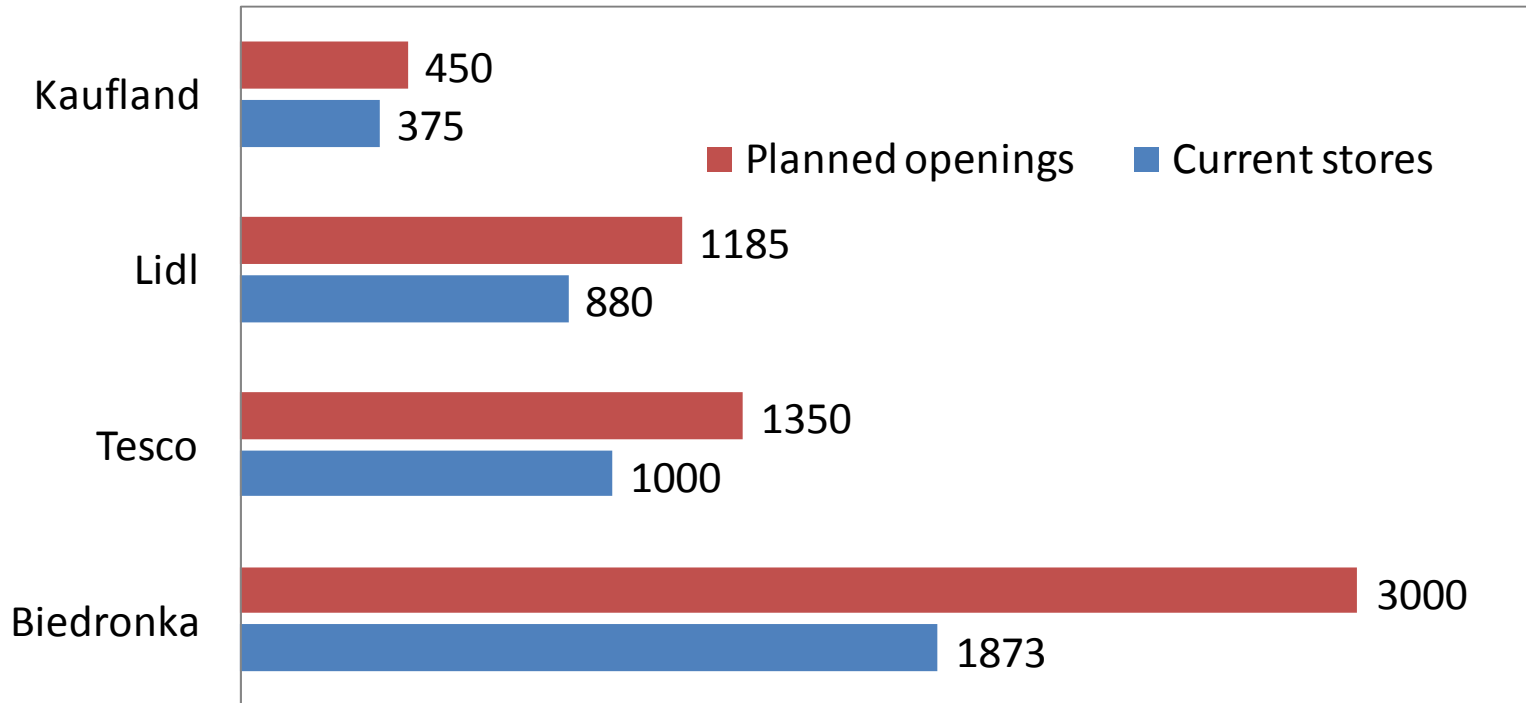
Floral secrets

Destinations



Winning in Central and Eastern Europe

Dynamic expansion of discount and supermarket channels in the region:



- In Central Europe: Forecast for Private Label to double by 2013 vs. 2010 base
- Double digit growth forecast for Private Label Household and Personal Care

Source: PMR



Winning in Central and Eastern Europe



Consumers buying into improved Private Label offer:

- Focused collaboration with top retailers
- Portfolio management based on Category Management
- Category based product innovations and extension
- Over 30 new references launched in FY 2011



McBride CEE Performance vs H1 2010

Total CEE	+ 5%
Total Poland	+11%
Total Private Label	+31%



Winning in new geography - Vietnam



Big C Private Label personal care launch



And all underpinned by a leaner, smarter and more connected organisation

Customers

- Building stronger strategic relationships at senior level
- International Customer teams established
- Building leading category management capabilities

Responsiveness

Product Development

- Group leader of R & D appointed
- Categories identified for Group wide R & D and category development
- 3 centres of excellence
- Group wide quality standards

Speed to market

Supply Chain

- Group leader of Supply Chain Effectiveness and Footprint appointed
- Group-wide Lean Manufacturing programme initiated
- Further strengthening of Group procurement function

Competitiveness



KPIs



		H1 Dec 10	H1 Dec 11
Growth	Organic revenue growth	0%	2%
	Private Label Penetration ⁽¹⁾	22.9%	23.1%
	% Revenue D&E Geographies	9%	9%
	% Revenue Core & Future Growth Categories	45%	48%
Efficiency	Overheads % Sales	22.5%	21.3%
	Fixed Asset Turnover	4.3	4.6
Financial	Operating Margin ⁽²⁾	5.0%	2.4%
	Cash Conversion (Free cash Flow)	£5.5m	£6.5m
	Cash Conversion %	27.3%	63.1%
	Debt Cover	1.1 X	1.9 X

H2 2011
Margin
2.2%

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

Source Kantar, IRI, GfK and management estimates

(2) Operating Profit excludes 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

Summary

- Revenue growth of 2% on a constant currency basis
- Private Label market shares growing across Europe
- “Refresh” initiatives delivering
- H1 FY12 v H2 FY11 adjusted operating profit growth of 17%
- Expect to see continuing progress for remainder of the year

(1) Figures do not include 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



Appendices



Project “Refresh”: From Good to Great



A Fundamental Business Review...



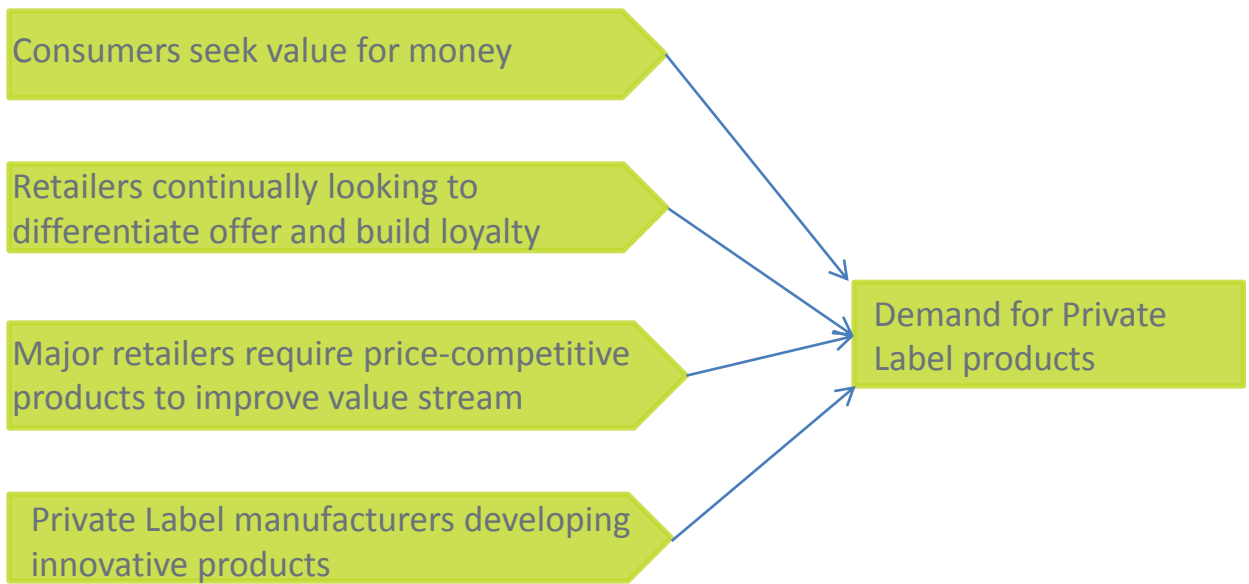
Key Strategic Actions

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



The Private Label opportunity

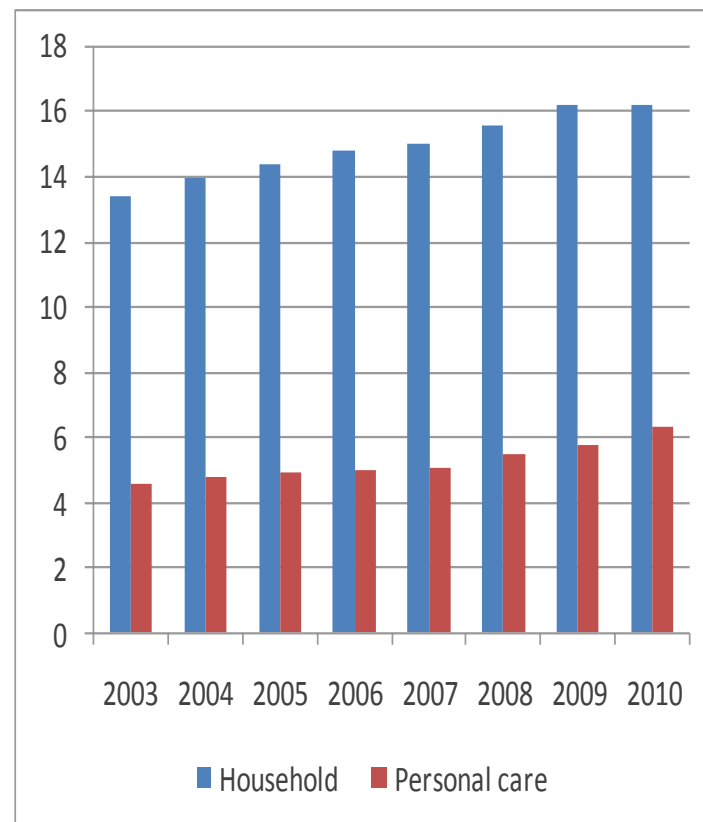
Private Label Growth Drivers



Private Label share

Western European markets

% Value Share

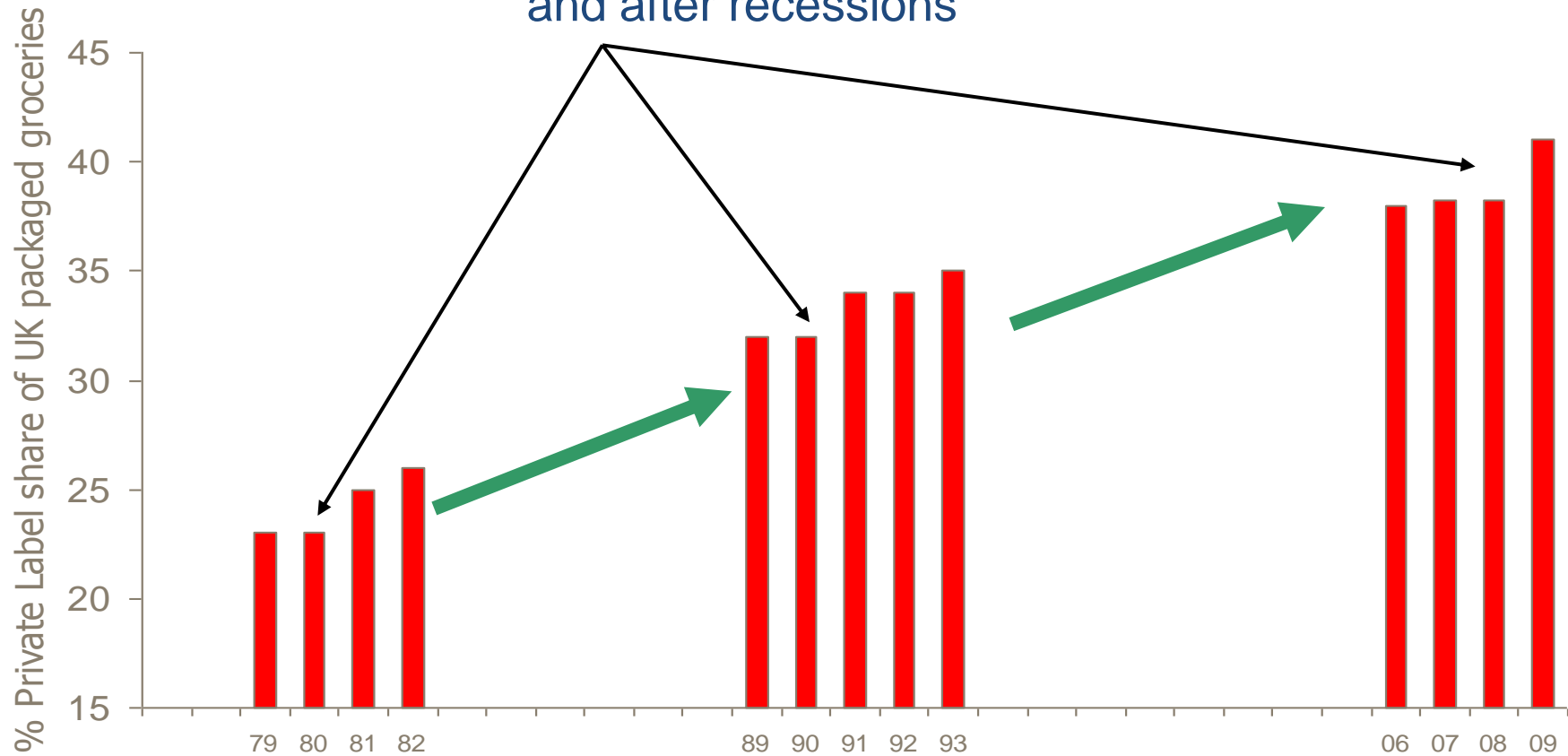


Source: Euromonitor International April 2011



Private Labels benefit in times of recession

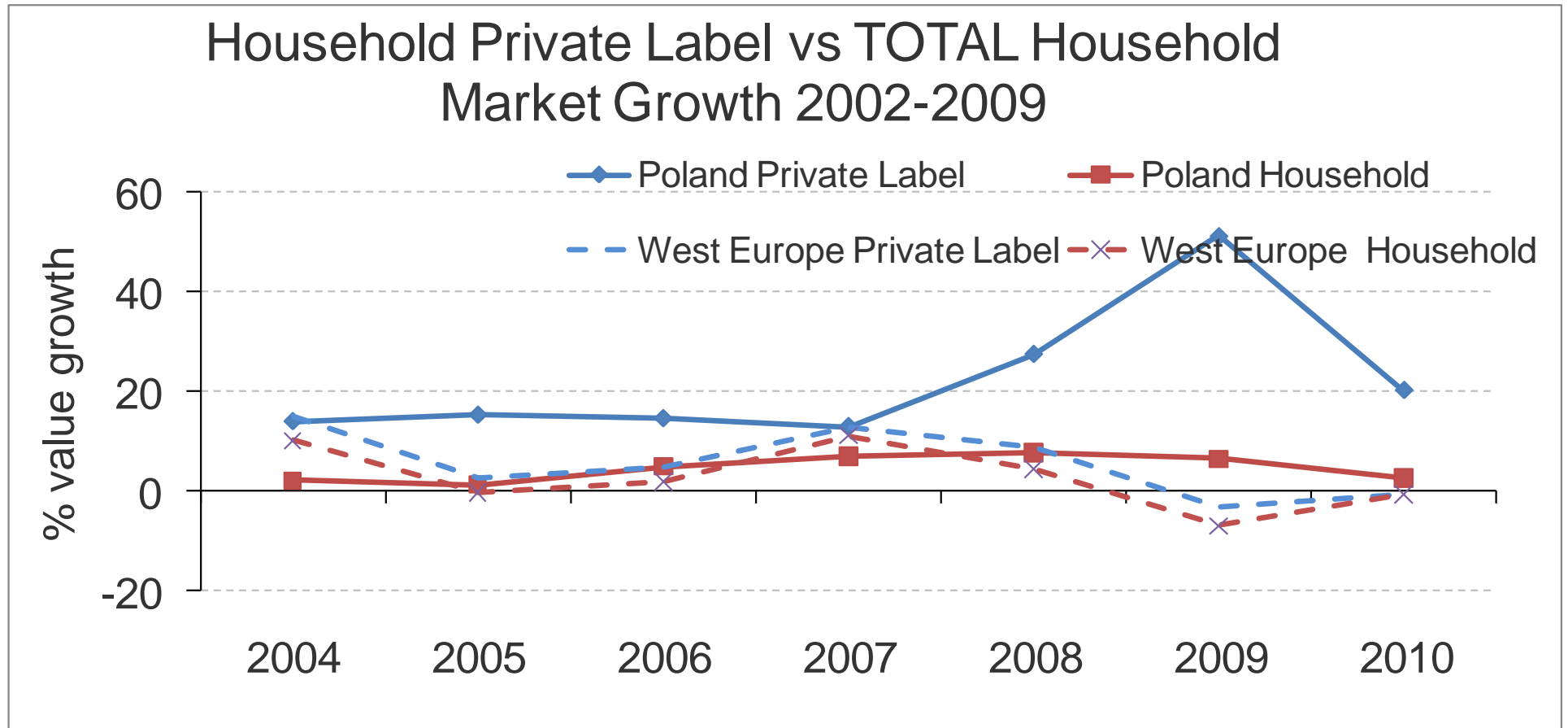
Private Labels gain and continue to grow share during and after recessions



Source Kantar, Datamonitor



Private Label growth outperforming the market



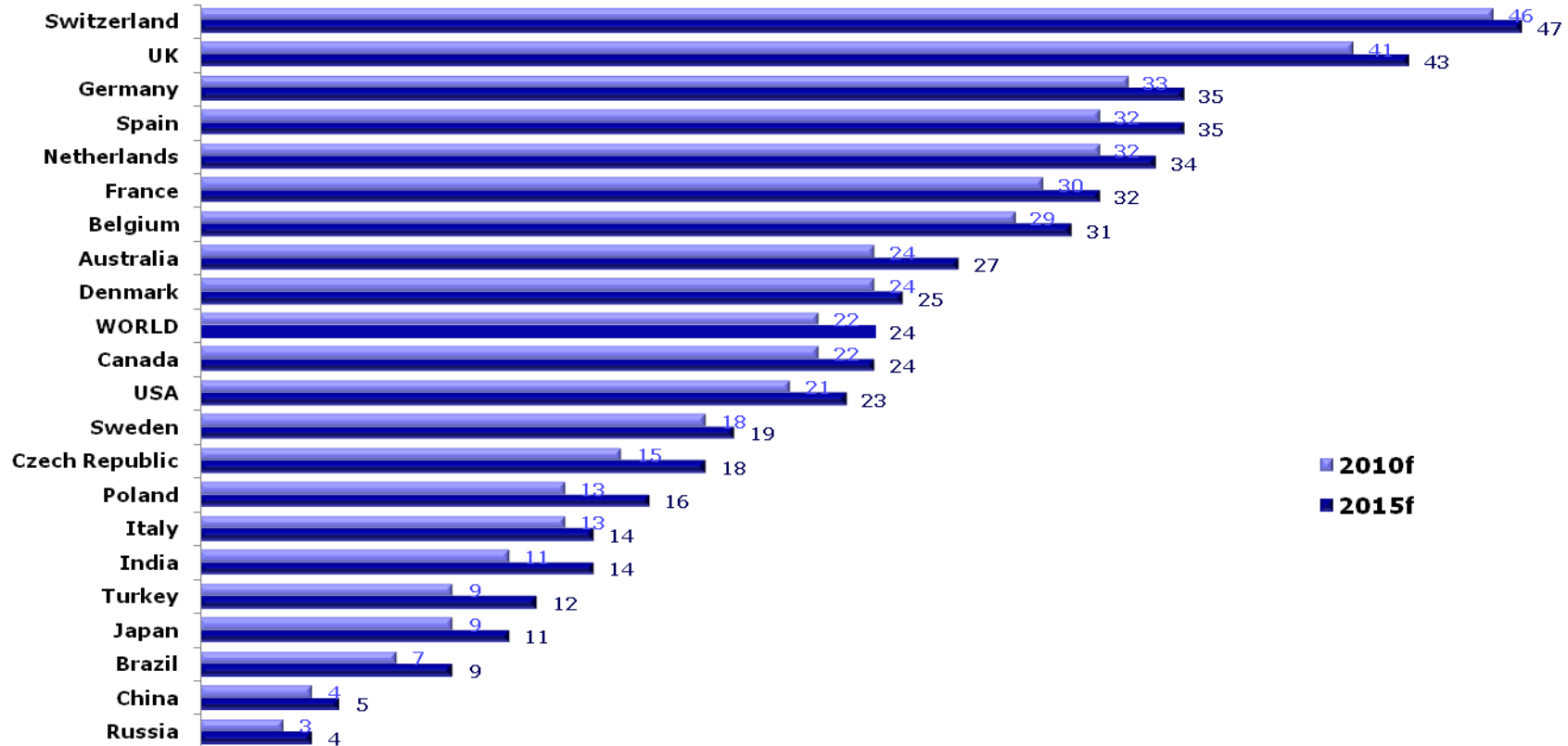
Source: Euromonitor International



Private Label is forecast to grow in all markets



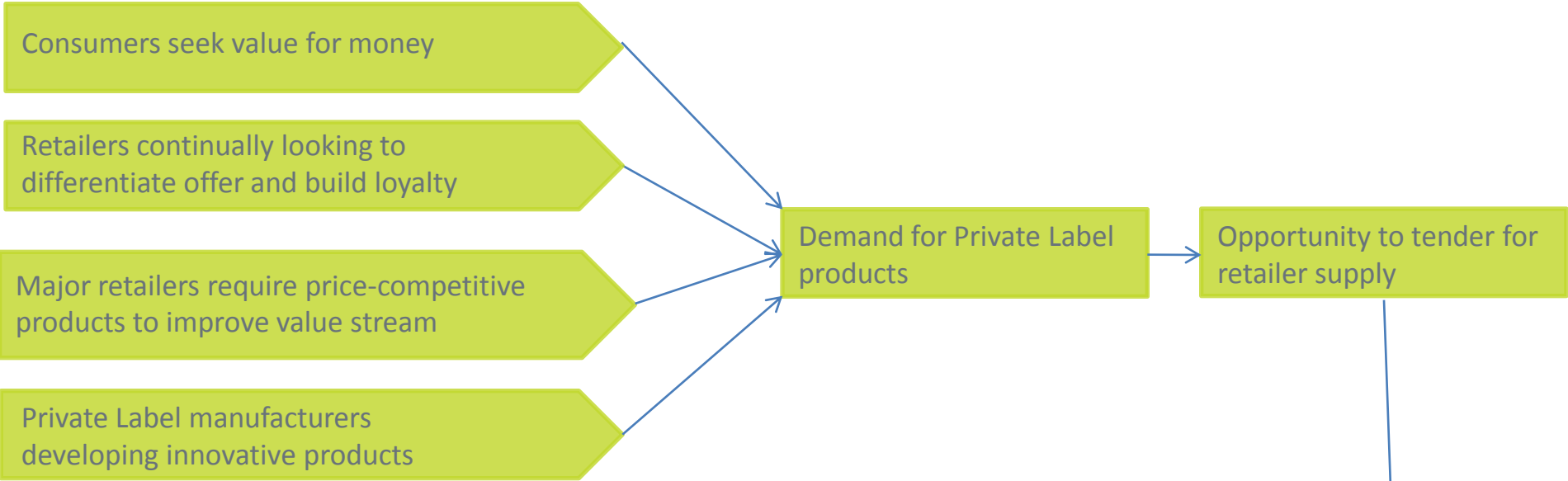
Global: Private Label Penetration by Value, 2010-2015 (%)



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



The Private Label Business Model



Volumes determined by:

- Consumer demand
- Retailer brand offer
- Retailer relationships /customer service
- Competition (Brand & Private Label)

Price/Margin determined by:

- Manufacturing capability/capacity
- Raw material costs
- Distribution/supply chain efficiency
- Volume

Application of:

- Category understanding
- R&D
- Product development
- Manufacturing capability
- Product quality
- Customer Service



Cash Generation 2011

	2011-12	2010-11
	H1	H1
	£m	£m
Cash generated from operations (1)	17.3	27.2
Other net outflows	(10.8)	(21.7)
Free cash flow	6.5	5.5
Acquisitions	(1.9)	(3.1)
Repurchase of own shares	(1.1)	-
Payments to shareholders	(8.3)	(8.7)
Exceptional items	(2.3)	(3.5)
Exchange	5.6	(2.4)
Debt increase	(1.5)	(12.2)
Opening net debt	(83.7)	(60.0)
Closing net debt	(85.2)	(72.2)

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

