



# C&C Group plc

## FY2009 Results

May, 2009

# Presentation Agenda



- Introduction
- FY2009 Performance Overview
- Trading Update & Outlook
- Q&A

# FY2009 Performance Overview

- Revenue of €514m - 11% year-on-year decline in constant currency
- Operating profit\* of € 90.2 million - in line with guidance
- Operating margin\* of 17.9%
- Net Exceptional costs of €159.6m million – primarily non-cash items
- Basic earnings loss per share of 19.4c
- Adjusted diluted EPS of 25.4c (22.2 cent excl. hedging gain)
- Proposed final dividend per share of 3.0 cent ( 9.0 cent full year)

*Note: Continuing operations \*Before exceptionals and €10.2m hedging gain*

# FY2009 Income Statement before exceptionals



	<b>FY2009</b>	<b>FY2008</b>	<b>Change</b>
	€m	€m	
Revenue	514.4	597.5	(14%)
Operating costs	414.0	473.9	(13%)
Operating Profit	100.4	123.6	(19%)
Net finance charges	(10.4)	(14.8)	30%
Profit before tax	90.0	108.8	(17%)
Tax	(10.2)	(11.7)	13%
Discontinued operations	0.1	6.2	(98%)
Net profit before exceptionals	79.8	103.3	(23%)
Adjusted diluted EPS	25.4c	30.0	(15%)

# FY2009 Exceptional Items



**FY2009**

**€m**

Fixed asset re-valuation	130.6
Stock write down	11.1
Re-organisation and re-structuring programme	12.0
Total	153.7
Re-valuation of land	5.9
<b>Total exceptional items</b>	<b>159.6</b>

# FY2009 Tax



	<b>FY2009</b>	<b>FY2008</b>	<b>Change</b>
	<b>€m</b>	<b>€m</b>	<b>%</b>
Profit before tax	90.0	108.8	(17%)
Income tax expense	10.2	11.7	(13%)
Effective tax rate	11.3%	10.8%	

# FY2009 Divisional Analysis



Cider Division	FY2009	FY2008	Change
	€m	€m Constant Currency	
➤ Revenue	386.8	456.4	(15%)
Bulmers	166.6	194.0	(14%)
Magners GB	185.2	227.7	(19%)
Magners ROW	35.0	34.7	+1%
➤ Operating Profit*	74.6	108.3	(31%)
<i>Operating Margin*</i>	19.8%	23.7%	(3.9pts)

Note: Continuing operations and in constant currency \*Before exceptionals and €10.2m hedging gain

# FY2009 Divisional Analysis



<b>Spirits &amp; Liqueurs Division</b>	<b>FY2009</b>	<b>FY2008</b>	<b>Change</b>
	€m	€m Constant Currency	
➤ Revenue	85.9	84.8	+1%
➤ Operating Profit	15.3	14.4	+6%
<i>Operating Margin</i>	17.8%	17.0%	+0.8pts

*Note: Continuing operations and in constant currency \*Before exceptionals and €10.2m hedging gain*



# FY2009 Cashflow



	FY2009	FY2008	Change
	€m	€m	Year-on-Year
Operating profit (before exceptionals)*	100.5	130.8	(23%)
Depreciation	19.4	20.3	(4%)
EBITDA	119.9	151.1	(21%)
Net capital expenditure	(18.5)	(102.9)	(82%)
<i>% of depreciation</i>	95%	507%	
Working capital	20.5	12.2	+68%
Other	(22.8)	(1.9)	NM
<b>Operating cash flow</b>	<b>99.1</b>	<b>58.5</b>	<b>+69%</b>
<i>% of EBITDA</i>	83%	39%	
Exceptional items paid**	(0.8)	(4.7)	(83%)
Net finance charges paid	(11.5)	(12.6)	(9%)
Tax paid	(10.7)	(9.2)	+16%
<b>Free cash flow (before disposals)</b>	<b>76.1</b>	<b>32.0</b>	<b>+138%</b>
<i>% of EBITDA</i>	63%	21%	

\* Includes both continuing and discontinued operations

\*\*Comprises costs paid as part of re-organisation programme of €7.1m and cash received on settlement of a portion of surplus Sterling forward contracts €6.3m

# FY2009 Balance Sheet



	<b>FY2009</b>
	<b>€m</b>
Net debt* at 1 March 2008	256.2
<i>Net Debt to EBITDA</i>	<i>1.7x</i>
Free cash flow in period	(76.1)
Dividends paid	60.2
Disposal of Wine & Spirits Business	(12.9)
Other	(1.2)
Net debt* at 28 February 2009	226.2
<i>Net Debt to EBITDA</i>	<i>1.9x</i>

*\*Excludes fair value of swap instruments, a liability of €6.3m*

# FY2009 Pension Deficit



➤ Exceptional payment of €20m in FY2009

➤ Remaining deficit

- IAS 19 deficit: €45.5 million

- Actuarial deficit: €52.5 million

➤ Assumptions

Financial assumptions used by the Group's actuaries in computation of the defined benefit liabilities arising on pension schemes as at 28 February 2009 are:

	FY2009		FY2008	
	ROI	UK	ROI	UK
Salary Increases	3.70%	4.20%	4.25%	4.50%
Discount Rate	5.50%	6.50%	5.45%	6.00%
Inflation Rate	2.25%	3.50%	2.50%	3.50%



C&C Group plc

Trading Update & Outlook

# FY 2010 Trading Update

## Performance in 10 weeks to 12 May

- Core cider market volumes up 9% versus same period last year
- Spirits and liqueurs shipments declined by 18% year on year
- Overall revenues in line with <sup>(i)</sup> same period last year
  - Cider revenues up 2%
  - Spirits and Liqueurs revenues down 28%

<sup>(i)</sup> On a constant currency basis

# Trading Update | GB

- Volumes up 9% in comparison to the same period last year
- Off-Trade retail price close to main competitor – multipack can volume at expense of margin
- Magners Draught slower than expected
- Magners Pear launched
- UK Budget and trading environment
- Advertising for Pear and tactical support for Magners
- Management changes

# Trading Update | Ireland

- Volumes up 10% in comparison to the same period last year
- Slow finish to FY2009 with no price increase
- Favourable timing of St Patrick's Day & Easter
- Positive event driven impact – Irish Rugby
- Macro-environment very tough
- Neutral duty treatment reflects poor trading environment and cross border-arbitrage
- Bulmers Pear launched with discrete Ireland advertising

# Trading Update | Spirits & ROW Cider

- Shipments declined 18% in comparison to the same period last year
- Spirits depletions significantly better than shipments
- Iberia particularly weak for Magners
- Very cautious outlook
  - De-stocking a feature in Spirits



# Trading Update | Operations

- Delayed agreement reached with employees on re-organisation
- Changes to working practices and salary reductions
- Outsourcing of distribution at Clonmel
- Improving environment for input costs
- Re-iterate €5 million cost savings

# FY2010 Outlook



- Market conditions are still challenging and some underperformance still apparent
- Cost base and organisation structure aligned with current market environment
- Strong cash flow, low capex and strong balance sheet
- Objective to stabilise volumes
- Target to deliver operating profit within the range of €77 million to €82 million

## FY2010 Positives

- **Impact of Innovation & NPD**
- **Draught rollout in UK**
- **Advertising price deflation**
- **Input costs less challenging**

## FY2010 Challenges

- **Consumer confidence in key markets**
- **Channel shifts to off trade**
- **Premium positioning**
- **Brand challenges remain**



C&C Group plc  
Appendix

# FY2009 Performance Overview



	FY2009	FY2008	Change	Change
	€m	€m		Constant Currency
➤ Total revenue	514.4	597.5	(14%)	(11%)
➤ Cider	386.8	465.3	(17%)	(15%)
➤ Spirit & Liqueurs	85.9	87.5	(2%)	1%
➤ Distribution	41.7	44.7	(7%)	+12%
➤ Cider Volumes				(14%)
➤ Spirit & Liqueurs Shipments				flat

Note: Continuing operations

# FY2009 Segmental Analysis



	FY2009	Change
	€m	Constant Currency
➤ Total Revenue	514.4	(11%)
Cider	386.8	(15%)
Spirits & Liqueurs	85.9	+1%
Distribution	41.7	+12%
➤ Operating Profit*	90.2	(27%)
Cider*	74.6	(31%)
Spirits & Liqueurs	15.3	+6%
Distribution	0.3	+50%

Note: Continuing operations \*Before exceptionals and €10.2m hedging gain

# Business Overview

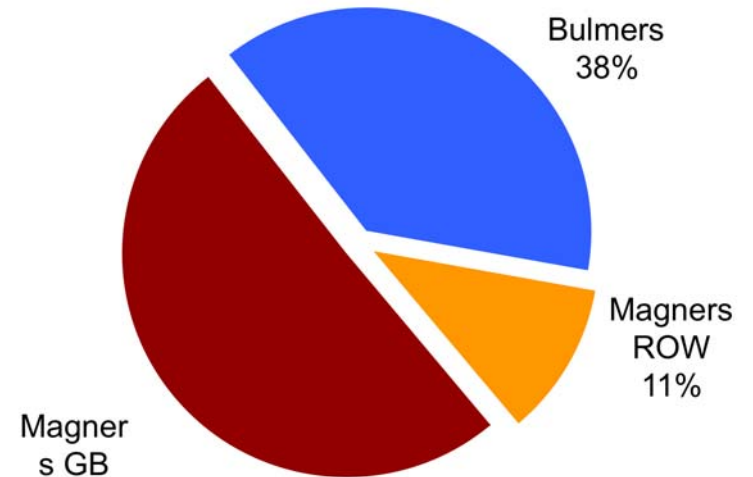


## Cider

Comprises 83%\*+ of C&C operating profit

Volume breakdown by market

Bulmers	38%
Magners GB	50%
Magners ROW	11%

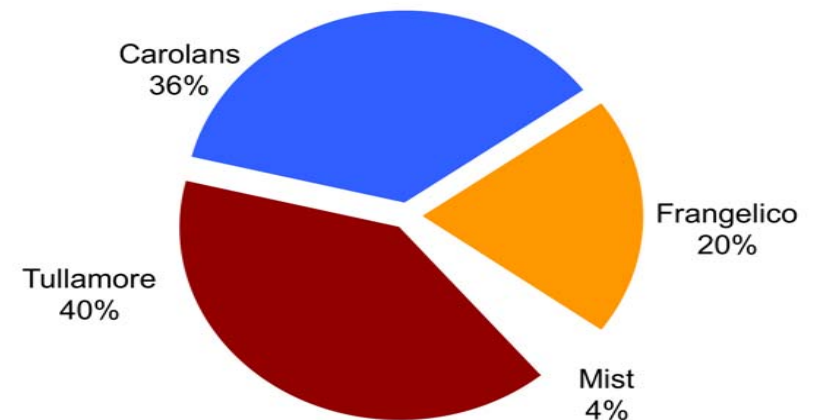


## Spirits & Liqueurs

Comprises 17%\* of C&C operating profit

Volumes breakdown by brand

Tullamore Dew	40%
Carolans	36%
Frangelico	20%
Irish Mist	4%



\*2008/9 FY Operating profit breakdown excluding exceptionals and €10.2m hedging gain

# Bulmers | Irish LAD



	<b>MAT Feb '08</b>	<b>MAT Feb '09</b>	<b>Bulmers Share MAT Feb '09</b>	<b>Change Year-on-Year</b>
Total LAD Market	(0.7%)	(4.8%)	9.4%	(0.4pts)
On-Trade	(3.4%)	(5.7%)	10.1%	(0.6pts)
Off-Trade	+5.9%	(2.8%)	7.9%	+0.1pts

*Note: Irish LAD market is approximately 70% On-Trade and 30% Off-Trade and comprises total volume of 5.7m hectolitres*

Source: Nielsen

# Magners | GB On-Trade LAD



	<b>MAT Feb '08</b>	<b>MAT Jan '09</b>	<b>Magners Share MAT Jan '09</b>	<b>Change Year-on-Year</b>
Total LAD Market	(3.0%)	(4.9%)	1.2%	(0.2 pts)
On-Trade	(7.2%)	(9.0%)	1.3%	(0.3 pts)

*Note: GB LAD market is approximately 56% On-Trade and 44% Off-Trade and comprises total volume of 52.6m hectolitres*

On-Trade Cider Market	4.5%	(2.4%)	15.2%	(5.1 pts)
Draught	3.7%	2.2%	1.5%	1.5 pts
Packaged	6.3%	(12.6%)	50.2%	(14.4pts)
Cider as % of On-Trade LAD	8.0%	8.5%		0.5 pts
Packaged as % of On-Trade Cider	31.3%	28.2%		(3.3 pts)

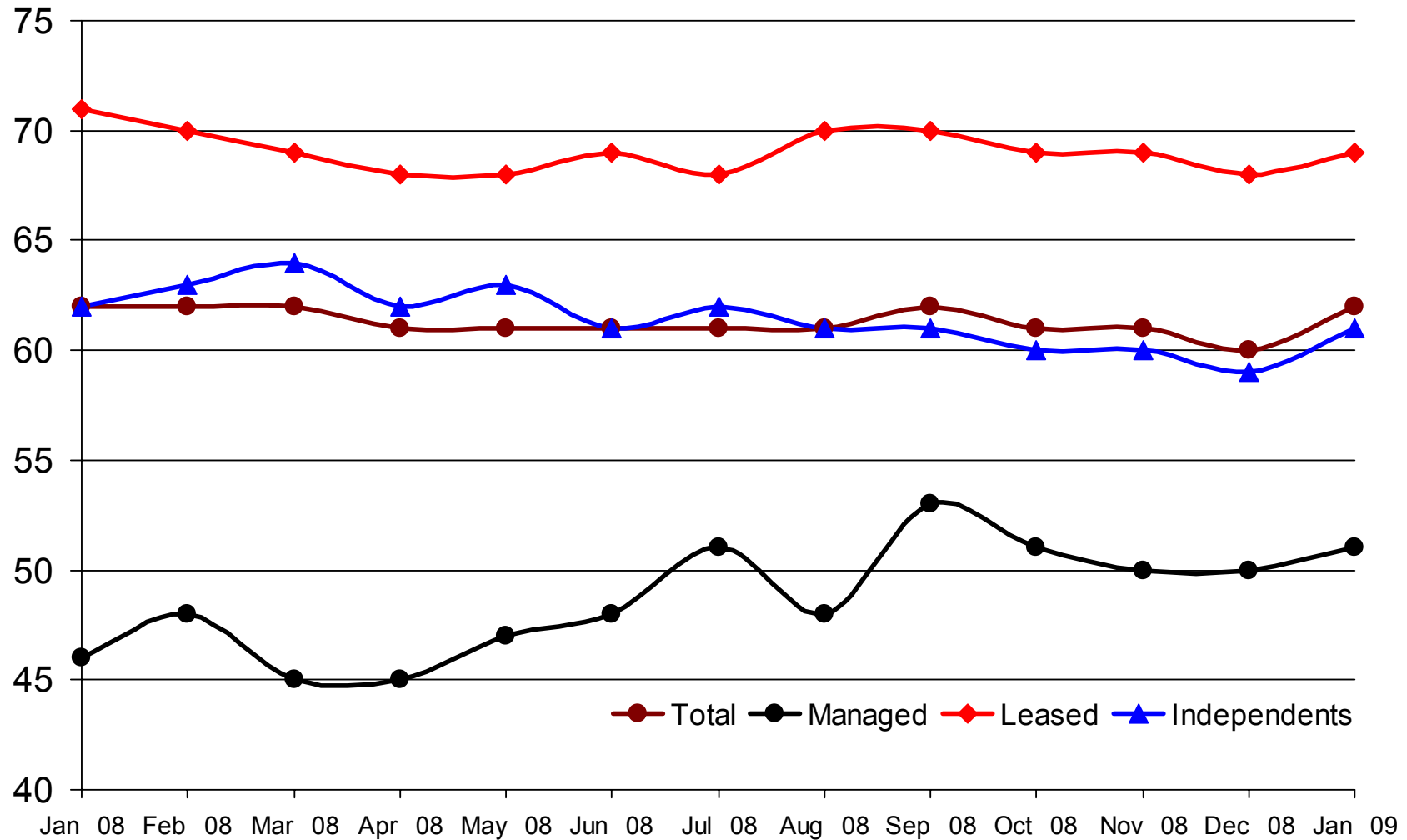
Source: Nielsen



# Magners | GB On-Trade LAD



### Magners GB On-Trade Distribution



Source: Nielsen (Liquor weighted max. distribution)

# Magners | GB Off-Trade LAD



	<b>MAT Feb '08</b>	<b>MAT Feb '09</b>	<b>Magners Share MAT Feb '09</b>	<b>Change Year-on-Year</b>
Total LAD Market	(3.0%)	(4.9%)	1.2%	(0.2 pts)
Off-Trade	3.3%	0.2%	1.1%	(0.2 pts)
Off-Trade Cider Market	18.4%	9.5%	6.6%	(0.9 pts)
Premium Packaged	106.3%	23.1%	42.5%	(11.4 pts)
<hr/>				
Cider as % of Off-Trade LAD	15.7%	17.1%		+1.4 pts
Premium as % of Off-Trade Cider	13.9%	15.6%		+1.7 pts

# Spirits & Liqueurs



2008/9 FY	Shipments	Depletions
Tullamore Dew	Unch.	Unch.
Carolans	+5%.	+3%
Frangelico	(5%)	(5%)
Irish Mist	(5%)	(12%)
<b>Total</b>	<b>Unch.</b>	<b>Unch.</b>



# EPS Calculation



<b>Earnings per ordinary share</b>	<b>2009</b>	<b>2008</b>
	<b>€m</b>	<b>€m</b>
Earnings as reported	<b>(60.9)</b>	234.9
Adjustment for non-recurring items net of tax	<b>140.8</b>	(131.6)
Earnings adjusted for non-recurring items	<b>79.9</b>	103.3
<b>Basic earnings per share</b>	<b>cent</b>	cent
Basic earnings per share - cent	<b>(19.4)</b>	73.1
Adjusted basic earnings per share - cent	<b>25.5</b>	32.2
<b>Diluted earnings per share</b>		
Diluted earnings per share - cent	<b>(19.4)</b>	72.6
Adjusted diluted earnings per share - cent	<b>25.4</b>	31.9
<b>Continuing Operations</b>	<b>2009</b>	<b>2008</b>
	<b>€m</b>	<b>€m</b>
Earnings from continuing operations - as reported	<b>(61.8)</b>	91.3
Adjustment for exceptional items net of tax	<b>141.6</b>	5.8
Earnings from continuing operations adjusted for non-recurring items	<b>79.8</b>	97.1
<b>Basic earnings per share</b>	<b>cent</b>	cent
Basic earnings per share - cent	<b>(19.7)</b>	28.4
Adjusted basic earnings per share - cent	<b>25.4</b>	30.2
<b>Diluted earnings per share</b>		
Diluted earnings per share - cent	<b>(19.7)</b>	28.2
Adjusted diluted earnings per share - cent	<b>25.4</b>	30.0
Weighted average number of ordinary shares	<b>313,925</b>	321,229
Weighted average number of ordinary shares including options	<b>314,019</b>	323,590



**BULMERS**

IRISH CIDER

*Original*



Time  
dedicated  
to you

**C&C Group plc**

The Grange, Stillorgan Road  
Blackrock,  
Co. Dublin

P  
F  
E  
W

+353 1 616 1100

+353 1 654 6272

[C&CGroup@kcapitalsource.com](mailto:C&CGroup@kcapitalsource.com)

[www.candcgroupplc.ie](http://www.candcgroupplc.ie)