



A world of dairy
foods and nutritional
ingredients

About Us

- International Consumer Foods, Food Ingredients and Nutritionals Group
- Headquartered in Kilkenny, Ireland
- Operations in Ireland, UK, Germany, USA and Nigeria; c. 4,000 employees
- 2004 Group turnover €1.8 billion; operating profit €83.5 million ⁽¹⁾
- Listed Irish and London Stock Exchanges (Symbol: GLB)
- Free float 45%; 55% co-op ownership
- Market capitalisation c. €800 million

⁽¹⁾ Continuing operations

Our Vision

"...to be the most relevant player in international cheese, nutrition and selected consumer foods markets"

....through a focus on food technologies, international scale and growth markets

A WORLD OF DAIRY FOODS AND NUTRITIONAL INGREDIENTS

IRELAND

No. 1 Dairy processor
No. 1 Liquid milk and cream brand
No. 1 Cheese and butter processor
Market leader in yogurt and yogurt drinks
No. 1 Pigmeat processor

EUROPE

No. 1 Pizza cheese supplier
No. 1 Supplier of key customised nutrient premixes

USA

No. 1 Barrel cheese
No. 1 Whey protein isolate
No. 3 Lactose
No. 4 American cheddar cheese

GLOBAL

Leading supplier of advanced technology
whey proteins and fractions

2004 Results

- Turnover ⁽¹⁾ grew 10% to €1.83 billion (2003: €1.66 billion).
- Operating profit ⁽²⁾ reduced by 5.6% to €83.5 million (2003: €88.5 million)
 - Impacted by sharp downturn in the Fresh Pork business.
- Operating margin grew to 4.6% (2003: 4.5%).
- Adjusted EPS ⁽³⁾ up 4.4% to 20.10 cent (2003: 19.26 cent).
- Total dividend per share for the year increased by 5% to 5.25 cent (2003: 5.0 cent).
- Total financing costs reduced substantially to €16.4 million ⁽⁴⁾ (2003: €26.0 million).

⁽¹⁾ Continuing operations.

⁽²⁾ Continuing operations, pre exceptional items. Total exceptional items: gain of €1.2 million in 2004, compared with a charge of €92.0 million in 2003.

⁽³⁾ Pre exceptional items and amortisation of goodwill.

⁽⁴⁾ Includes net interest of €5.96 million and €10.39 million for preferred securities (non-equity minority interest).

2004 Financial Ratios

Net Debt	€150.6 m
Non-equity minority interest	€110.4 m
Capital and development expenditure	€114.8 m
Net Debt : EBITDA	1.3 x
EBITDA finance cover	6.9 x
Financing* cover	5.2 x
Effective tax rate	12.3%

* (Group operating profit, pre exceptional items to Group net interest and non-equity minority interest)

IFRS: Advanced programme to insure full compliance

Agribusiness

- Retail operation with 70 locations
- Key link with milk supply base
- Shifting market dynamics with MTR
- Focused on cash generation and efficiency

2004 – Challenging year overall

Turnover	€227.4 m
Operating profit	€12.1 m
Operating margin	5.3%
Net Assets	€95.1 m



Principal activities



Feed milling/marketing

Fertilizers

Milk assembly

Grain trading

Farm inputs

Consumer Foods

- Value added, fast moving consumer foods
- Both manufacturing and marketing
- Strong market positions and brands
- Customer relationships, new product development and distribution key

2004 – Impacted by UK restructuring and pigmeat

Turnover	€543.5m
Operating profit	€27.8 m
Operating margin	5.1%
Net Assets	€112.1 m



Principal activities



Liquid milk, chilled foods with leading householder brands

Pig processing for local and international markets



Mozzarella pizza cheese for European markets

Food Ingredients

- Operational scale and efficiency
- State-of-the-art manufacturing facilities
- Processing 3.2 billion litres of milk p.a.
- Innovative international food focus
- Raw material for Nutritionals business

2004 – Strong performance driven by US business

Turnover	€1,075.2m
Operating profit	€44.8 m
Operating margin	4.2%
Net Assets	€281.3m



Principal activities



Leading dairy-based ingredients supplier

Europe's largest integrated dairy processing facility



Major cheese supplier from four plants in "Magic Valley", Idaho

Formulation of whey proteins for Nutritionals

2004/05 Development

- **Organic Growth**

- Three new plant extensions commissioned at Idaho facilities
- Integration of management structures and processes at liquid milk and chilled foods
- New product launches – flavoured milks, new soups, fresh sauces

- **Acquisitions**

- Kortus €14.5m – customised nutrient systems (Infant formula, clinical nutrition, dietetics)

- **Joint Ventures**

- New Mexico facility - Cheese & Whey - to be commissioned in October '05 (\$190m)
- 50:50 JV in Nigeria currently being commissioned (\$25m)
- 50:50 JV with Nash's Mineral Waters (€1.3m)

- **2005 to date:**

Dairygold Co-operative Society Limited

- Agreement to operate CMP liquid milk, cream and juice brand
- Agreement in principle to enter contract manufacturing arrangement (milk processing)

2005 Market Commentary

Nutritionals

- Central to Group's growth strategy
- Grow via capacity expansion, R&D, acquisition and JV routes

Food Ingredients USA

- Market demand indications positive
- Milk production expected to be strong
- Further capacity increase

Food Ingredients Ireland

- Manage MTR change implications
- Scale/efficiency to respond to shifting markets
- Initiatives to improve operational efficiency

Agribusiness

- Challenging market in the context of MTR
- Respond to changing farm structure
- Further efficiency improvements

Consumer Foods: Liquid Milk/Chilled Foods

- Competitive trading environment
- New and extended product ranges
- Further integration of supply chain processes

Consumer Foods: Fresh Pork

- Market recovery continuing
- Benefits from market consolidation
- Efficient operations and modern plant

Going forward...

Market Environment

- Trade issues - MTR, EU enlargement, Millennium WTO Round
- Transition to market economy
- Globalisation of the food industry
 - scale, efficiency, innovation, market positions
- New groups of consumers, driven by demographics
- Changing retail customer base, discounting business model

Changing and diverse consumer demands

- Increasing awareness of link between diet and health
- Growing understanding of food and nutritional values
- Requirement for benefits over and above nutritional value
- Desire for convenience and indulgence
- Strong trend for protein-based and managed carbs solutions

Nutritionals

- Demand driven - by consumers and manufacturers
- Requirement for products with added health benefits
- Must have evidenced based nutritional properties
- Built on research, science and innovation
- Global customer base and positioning possible
- Market with strong growth potential

Nutritionals* – the Glanbia opportunity

- Controlled source of high quality raw material (whey)
- Expertise and competence in production
- Quantity to deliver scale and efficiency
- Customer based product innovation programmes
- Acquisition strategy to build complimentary capabilities

* part of Food Ingredients Division

Strategic Initiatives and Targets

- Develop/acquire/JV “world-class” nutritional solutions capabilities
- Drive scale position in cheese on an international basis
- Build global food ingredients business
- Consolidate market leading positions and brand portfolio
- Accelerate new product development and process innovation
- Focus on continuous improvement in operational efficiency

2005/06 - Strong pipeline of development activity



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