



glanbia

Preliminary Results 2003



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**“International Dairy,
Consumer Foods,
Nutritional Products Company”**

Financial Highlights

- Operating profit before exceptional items up 1.4%
- Operating margin up to 4.5% from 3.9%
- Profit before tax and exceptional items up by 7.4% (*13% in constant currencies*)
- Exceptional costs of €90.47m - relate primarily to the finalisation of UK restructuring. Also includes €6.9m for MTR
- Adjusted earnings per share up 10.4% to 19.26 cent
- Year-end Net Debt / EBITDA 1.17, interest cover up to 5.93 times

Strategic Highlights

- Commenced construction of \$190m cheese and whey facility in New Mexico, US.
- Conaprole JV (Uruguay) to market and sell dairy ingredients into Central and South American markets
- JV with PZ Cussons plc to build US\$20m facility in Nigeria
- Finalisation of UK restructuring programme
- Commenced development of Group Innovation Centre
- Pipeline of new nutritional products

Group Profit and Loss Account

	2003	2002	
	€	€	
Sales	2,041.10	2,316.7	-11.9%
Operating Profit	91.9	88.6	
Associated Companies	0.9	2.9	
Total	92.8	91.5	-1.4%
Interest	(15.7)	(19.7)	
Profit before tax and exceptionals	77.1	71.8	+7.4%
Taxation	(10.3)	(7.9)	
Profit after tax and before exceptionals	66.8	63.9	
Operating Margin %	4.5%	3.9%	

Exceptional Costs

	2003	2002
	€m	€m
Redundancy cost Roosky/Mid Term Review	(16.5)	-
Loss on sale/termination of operations	(38.0)	(93.7)
Provision for loss on sale of operations	(49.1)	-
Profit on sale of fixed assets	11.6	13.7
Taxation	1.6	-
	* (90.4)	(80.0)
* €41.69 relates to goodwill		

Group Balance Sheet

	2003	2002	Change
	€m	€m	€m
Fixed Assets	404.6	457.7	(53.1)
Working Capital	107.6	89.4	18.2
Non-current liabilities	(57.6)	(50.4)	(7.2)
	454.6	496.7	(42.1)
Net Borrowings	(153.8)	(176.3)	22.5
Capital Employed	300.8	320.4	(19.6)

Group Cash Flow

	2003	2002
	€m	€m
Operating cash flow (PBT + Depr/Grants)	112.2	120.2
Divestments	3.9	3.2
	116.1	123.4
Working capital (increase)/decrease	(34.0)	(13.1)
Capex / deferred payments etc	(39.4)	(30.0)
Dividends / tax	(35.7)	(30.3)
Currency translation impact	15.5	16.4
	(93.6)	(57.0)
Net cash movement	22.5	66.4
Net debt at beginning of year	(176.3)	(242.7)
Net debt at end of year	(153.8)	(176.3)

Dividend / EPS

	2003	2002	
Dividend per share (pence)	5.00	4.76	+ 5%
Adjusted EPS (pence)	19.26	17.44	+10.4%

Consumer Foods

- Market leader in dairy and chilled convenience foods
- Brands : Yoplait, Avonmore, Kilmeaden are household names
- Leading European producer of mozzarella for the pizza sector
- Second largest hard cheese producer in the UK

Consumer Foods

Consumer Foods						
Turnover			Operating Profit			
2003	2002	Change	2003	2002	Change	
€m	€m	%	€m	€m	%	
900.4	1175.1	-23.4%	44.8	47.6	-5.9%	

- Satisfactory performance by Irish Liquid Milk and Chilled Foods.
- UK retail cheese market difficult.
- Pizza Cheese joint venture below expectations driven by competitive block mozzarella market. New technology introduced to Northern Ireland plant in last quarter.
- Irish Pork operations had reasonable performance despite significant disruption caused by fire at Roosky plant.

Food Ingredients

- Largest producer of barrel cheese in US
- Second largest producer of whey protein isolate in the world
- Largest milk processor in Ireland
- Supply 80% of cream required for Baileys

Food Ingredients

Food Ingredients						
Turnover			Operating Profit			
2003	2002	Change	2003	2002	Change	
€m	€m	%	€m	€m	%	
906.2	910.1	-0.4%	33.8	30.1	+12.3%	

- Satisfactory performance in US operations despite currency translation and weak cheese markets first half.
- Irish milk processing had satisfactory performance in changing environment.
- Newly formed Nutritionals Business Unit performed in line with expectations and with good sales growth.
- Irish and US businesses continued to have excellent operational efficiencies.

Agribusiness

- Key linkage between Glanbia and its 5,500 Irish farmer suppliers and 20,000 farmer shareholders

Agribusiness

Agribusiness						
2003	2002	Change		2003	2002	Change
€m	€m	%		€m	€m	%
234.4	231.5	+1.3%		14.2	13.9	+2.2%

- Satisfactory performance in a changing farming environment.
- Heavy emphasis on costs and efficiencies.

Summary

- Satisfactory progress overall for year including margin improvement.
- Narrowing focus allows for advancement of growth options.
- Strategic investments underway.

Strategic Developments



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Strategic Developments 2003

- Next phase US expansion in place with JV in New Mexico. Construction has commenced – due for commissioning end 2005.
- Nutritional strategy being advanced through new product development and organic expansion.
- Acquisition opportunities related to nutritional solutions under active review.
- Strategic Joint Venture with Conaprole of Uruguay in place for sales and marketing into Central and South American markets.
- Satisfactory restructuring UK cheddar cheese operations.
- Leveraging market position pizza cheese technology.
- Progressing construction for Nigerian Joint Venture.

Strategic Developments 2004

- Nutritional acquisitions pipeline.
- Expansion Protein Isolate facilities Idaho.
- Establishment of Group Innovation Centre by September.
- Complete further cheese expansion in Idaho.
- Finalise customer conversion to new pizza cheese technology.
- Construction of \$190m New Mexico facility.
- Have Nigerian plant ready for commissioning early 2005.
- Expand geographical reach for advanced Ingredients.

Outlook

- Three key factors
 - phasing of new investments
 - transition to new EU dairy regime
 - weakened dollar
- Further progress expected in 2004
- Growth into 2005 and beyond



Thank You



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