



A world of dairy
foods and nutritional
ingredients

Index

Page

About Us	2
Operational Highlights	3
Financial Highlights	4
Summary of Results	5
Financial Analysis: Group Profit & Loss, Balance Sheet, Cash Flow	6
2004 Strategic Investments	9
International Financial Reporting Standards (IFRS)	10
Operations Review: Agribusiness, Consumer Foods, Food Ingredients	11
2004/05 Development	14
2005 Strategic Initiatives	15
2005 Market Commentary	16
2005 Outlook	17
Supplementary Information	18
Contact us	21

About Us

Vision

“To be the most relevant player in international cheese, nutrition and selected consumer foods markets”

- International Consumer Foods, Food Ingredients and Nutritionals Group
- Headquartered in Kilkenny, Ireland
- Operations in Ireland, UK, Germany, USA and Nigeria; 4,000 employees
- 2004 Group turnover €1.8 billion; operating profit €83.5 million ⁽¹⁾
- Listed Irish and London Stock Exchanges (Symbol: GLB)
- Market capitalisation c. €900 million

⁽¹⁾ Continuing operations

Operational Highlights

- A satisfactory performance with results in line with expectations
- Restructuring completed; Group organised around key areas for development
- Demanding trading conditions in liquid milk and chilled foods businesses
 - but strong brands, new products, streamlined processes
- Difficult year for the pigmeat sector but positive signs of a recovery towards YE
- Strong growth in Food Ingredients; positive US markets/increased US capacity
- Group Innovation Centre opened; 1st Nutritionals acquisition in Europe completed
- Strategic investments in New Mexico and Nigeria to be commissioned in 2005

Financial Highlights

- 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).

Summary of Results	2004	2003	Change
Group turnover Continuing operations	€1,828.7 m	€1,659.2 m	+10%
Operating profit Continuing operations, pre exceptional items	€83.5 m	€88.5 m	- 5.6%
Profit before tax Pre exceptional items	€77.7 m	€77.1 m	+1%
Exceptional items	€1.2 m	(€92.0 m)	Restructuring completed
Adjusted EPS Pre exceptional items & goodwill amortisation	20.10 c	19.26 c	+4.4%
Dividend per share	5.25 c	5.00 c	+5%
Net Debt	€150.6 m	€153.8 m	
Financing cover Net interest & preferred securities/operating profit	5.2 times	3.5 times	

Group Profit & Loss € m	2004	2003	Change
Group turnover			
- Continuing operations	1,753.6	1,590.5	+10%
- Discontinued operations	92.4	450.6	
	1,846.0	2,041.1	
Operating profit			
- Continuing operations	83.5	88.5	- 5.6%
- Discontinued operations	0.9	3.4	
Joint venture and associated	0.2	0.9	
Interest	84.6 (6.9)	92.8 (15.7)	
Profit before tax and exceptionals	77.7	77.1	+1%
Exceptionals	1.2	(92.0)	
Profit before tax, after exceptionals	78.9	(14.9)	

Group Balance Sheet € m	2004	2003	Change
Fixed assets	338.4	366.1	-27.7
Financial assets	89.6	35.6	+54.0
Working capital	116.9	107.6	+9.3
Non-current liabilities	(56.4)	(57.5)	+1.1
	488.5	451.8	+36.7
Net borrowings	(150.6)	(153.8)	+3.2
Capital employed	337.9	298.0	+39.9

Group Cash Flow € m	2004	2003
Inflows		
- Profit before tax	84.4	91.9
- Depreciation and amortisation	28.4	36.9
	112.8	128.8
- Disposals	73.7	(1.0)
	186.5	127.8
Outflows		
- Working capital	(28.4)	(33.6)
- Tax	(5.0)	(9.8)
- Capital expenditure	(47.0)	(39.1)
- Capital expenditure – investment	(68.3)	(2.8)
- Equity and preference dividends	(24.5)	(24.4)
- Other	(11.6)	(11.1)
	(184.8)	(120.8)
Net cash inflow	1.7	7.0
Currency translation	1.5	15.5
Debt decrease	3.2	22.5

2004 Strategic Investments

€ m

€ m

Southwest Cheese (USA)		29.3
Nigeria		8.4
Idaho (USA)		
- Cheese expansion	7.8	
- Whey protein isolate expansion	10.8	18.6

Kortus (Germany)		9.6
Other (Nash's, Agri, etc.)		2.4
Total		68.3

International Financial Reporting Standards (IFRS)

- **Mandatory:** will apply to 2005 Interim Results
- Programme established to ensure full compliance
- **P&L:** initial assessment indicates no material impact likely
- **Reclassification of non-equity minority interests;** no EPS impact
- **Balance Sheet:** main impact is recognition of pension fund deficits



Agribusiness

	2004	2003	change
Turnover	€227.4m	€234.5m	- 3%
Operating profit	€12.1m	€14.2m	- 15%
Operating margin	5.3%	6.1%	-80BPS

Division is the key linkage between Glanbia and its Irish raw materials supply base



PRINCIPAL ACTIVITIES

Feed milling/marketing

Fertilizers

Milk assembly

Grain trading

Farm inputs

2004 Overview

- Challenging year as anticipated
- Turnover, profits and margins impacted by
 - Grain markets
 - Changing demand patterns and pricing
- Continuing cost and efficiency focus
 - 12 branches closed; now 70
 - Ongoing rationalisation
- Emphasis on full product offering to customers

Consumer Foods

	2004	2003	change
Turnover	€543.5m	€900.4m	- 40%
Operating profit	€27.8m	€44.8m	- 38%
Operating margin	5.1%	5.0%	Flat

Division includes Irish Consumer Foods, Fresh Pork and UK Mozzarella cheese JV



MARKET POSITIONS

No. 1 cheese manufacturer

No. 1 pigmeat processor

Market leader in liquid milk/cream/yogurt

No. 1 European Pizza cheese supplier



2004 Overview

- Turnover down reflecting UK restructuring
- Profits reduced, mainly
 - UK restructuring/sharp decline in Fresh Pork
- Liquid milk and chilled foods
 - Competitive environment; changing retailer profile
 - Growing imports from NI in flat liquid milk market
 - Product development/innovation
 - Investment in integrating supply chain processes
 - Further consolidation of leading brands
- Fresh Pork
 - Gradual recover in H2 with pricing/margin improvement
 - Benefits begin from industry consolidation
 - Modern plan and efficient operations
- UK Mozzarella Cheese JV
 - Highly competitive trading environment driven by MTR
 - Turnover up but pricing pressure impacts profits
 - Innovative products, unique technology, strong customer base

Food Ingredients

	2004	2003	change
Turnover	€1,075.2m	€906.2m	+ 19%
Operating profit	€44.8m	€33.8m	+ 33%
Operating margin	4.2%	3.7%	+50BPS

Division includes US and Irish ingredients operations and developing Nutritionals business



MARKET POSITIONS

No. 1 producer of US barrel cheese

No. 1 whey protein isolate producer

No. 3 lactose producer

No. 4 American cheddar cheese producer

No. 1 dairy processor



2004 Overview

- Good year with strong growth
- Profits & margins improved substantially
- **USA: strong performance overall**
 - Solid volume growth; good demand for whey products
 - Improved market pricing for cheese
 - Increased capacity at Idaho
- **Ireland: satisfactory year**
 - Demand better than anticipated
 - Benefits of ongoing performance initiatives
 - Dairygold agreement logical progression in drive for scale and efficiency
- **Nutritionals: progress made**
 - Sales up and new products launched
 - Underpinned by increased US capacity
 - Ongoing investment in development pipeline

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 progressing well for April '05 commissioning (\$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 (subject to competition authority)
- Agreement in principle to enter contract manufacturing arrangement (milk processing)

2005 Strategic Initiatives

- Develop/acquire/JV “world-class” nutritional solutions capabilities
- Accelerate product and process innovation to meet customer/consumer demands
- Drive scale position in cheese on an international basis
- Build global food ingredients business
- Consolidate market leading positions and brand portfolio
- Manage impact of EU dairy sector reforms
- Focus on continuous improvement in operational efficiency

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

- 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

2005 Outlook

“For 2005 our focus will be the completion of the strategic dairy processing investments in New Mexico and Nigeria; development initiatives which build scale and diversity; and driving cost efficiencies that enhance performance. The trading outlook across the Group has some challenges particularly in the context of managing the impact of EU dairy sector reform. However with our strong market positions and evolving Nutritionals business, the Group is well positioned for growth”

John Moloney, Group Managing Director
2 March 2005

Supplementary Information



Key Market Positions

No. 1	Irish dairy processor; exporting worldwide
No. 1	Supplier of branded dairy foods to Irish grocery sector
No. 1	Irish pigmeat processor
No. 1	European pizza cheese manufacturer
No. 1	Cheese manufacturer in Northwest USA
No. 2	World producer of formulated milk products
No. 2	USA producer of whey protein isolate
No. 3	USA lactose producer

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INVESTORS

Latest share price as at
9:25am on 1 Mar 2005

ISE **€3.00**  +0.03
LSE **€2.96**  +0.03

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WELCOME

... to the Glanbia plc website

Glanbia is an international dairy processor and food ingredients Group with an evolving Nutritional focus. Glanbia has core operations in Ireland, the UK and the US serving local and global markets.

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