

Interim  
Results **2004**



An international consumer foods, dairy food ingredients and nutritional group

- **Group on track in a challenging first half**
- **Agri business profits in line with H1 2003**
- **Consumer Foods hit by sharp decline in pigmeat performance**
- **Strong performance from Food Ingredients**
- **Good progress made in developing Nutritionals business**
- **2004 transition period to growth & development phase**
- **Development & investments going to plan**
- **Well positioned to deliver solid earning growth going forward**

- **Consumer Foods**
  - 50:50 JV with Nash's Mineral Water in Ireland
  - New product extensions/developments e.g. fresh flavoured milks
- **Food Ingredients**
  - Idaho H1 plant expansions successfully commissioned
  - 50:50 JV in Nigeria progressing well for early 05 commissioning
  - New Mexico facility (Cheese & Whey) on target for late 05
- **Nutritionals**
  - Idaho investments in protein isolate capacity on schedule
  - World-class Innovation Centre in Kilkenny opening later this year
- **Benefits to accrue from 05 onwards**

- **Sales, adjusted for all disposed businesses, + 9.2%**
- **Operating profit\* at €40.3 m – 11.8%, sharp decline of pigmeat**
- **Operating margin\* at 4.1%, despite decline in profits**
- **PBT amounted to €35.7m v €10.7m, no exceptionals H1 2004**
- **Adjusted EPS\*\* amounted to 8.65c**
- **Continued growth in dividends, Interim Dividend up 5% to 2.16c**
- **Strong management of net debt / WC, despite traditional H1 seasonal peak**
- **Lower interest charge, interest cover improved to 8.9 times**

\*pre exceptionals and including share of joint ventures & associates

\*\* pre exceptionals and amortisation of goodwill

# Summary of Results



	H1 2004	H1 2003	FY 2003
Group turnover	€974.0m	€1,050.8 m	€2,041.1m
Operating profit*	€40.3m	€45.7m	€92.8m
Operating margins*	4.1%	4.4%	4.5%
Profit before tax and exceptionals	€35.7m	€37.6m	€77.1m
Profit before tax	€35.7m	€10.7m	(€14.9m)
EPS	8.62c	(0.16c)	(12.01c)
Adjusted EPS**	8.65c	9.14c	19.26c
Dividend	2.16c	2.06c	5.00c

\* pre exceptionals and including share of joint ventures & associates

\*\* pre exceptionals and amortisation of goodwill

## Profile

	H1 2004	H1 2003	% change
Turnover	€143.8 m	€149.9 m	- 4.1%
Operating profit	€9.2 m	€9.3 m	- 1.1%
Operating margin	6.4%	6.2%	+ 20 bps

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

## H1 2004 Overview

Delivered a solid first half

- Turnover down but profits similar
- Benefits accruing from:
  - Increased operational efficiencies
  - Ongoing rationalisation

## Profile

	H1 2004	H1 2003	% change
Turnover	€316.6 m	€472.7 m	- 33.0
Operating profit	€10.7 m	€22.7 m	-52.9
Operating margin	3.4%	4.8%	-140 bps

Division includes Irish consumer foods business (liquid milk & chilled foods), Irish fresh pork & bacon business and UK cheese joint ventures

## Market positions



No. 1 cheese manufacturer

No. 1 pigmeat processor

Market leader in liquid milk/cream/yogurt



No. 1 European Pizza cheese supplier

## H1 2004 Overview

- Challenging first half
- Profits/margins down due to pigmeat
- Liquid milk & chilled foods
  - Competitive environment
  - Strong brands
  - New products in line with expectations
- Fresh Pork
  - Expected low point of sector cycle
  - Industry overcapacity/inefficiencies issue
  - Scope for industry consolidation
- UK Cheese JVs
  - Completed UK restructuring
  - Performance of Pizza cheese impacted by MTR
  - Pizza cheese solid platform for development

## Profile

	H1 2004	H1 2003	% change
Turnover	€513.5 m	€428.1 m	+20.0
Operating profit	€20.4 m	€13.6 m	+50.0
Operating margin	4.0%	3.2%	+ 80 bps

Division comprises the US and Irish dairy ingredients operations and the Group's developing Nutritional 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

## H1 2004 Overview

- Strong first half
- Profits & margins improved substantially
- USA
  - Solid volume growth
  - Better market pricing for cheese
  - Commissioning of plant expansions
- Ireland
  - Preparedness for MTR impact
  - Ongoing cost/efficiency focus
  - Scale & competitiveness critical
- Nutritional
  - Expanding Idaho protein isolate capacity
  - Developing well with good new product pipeline



- **Consolidate market leading positions**
- **Adapt to changing Irish consumer markets**
- **Maximise cash from core operations**
- **Build global dairy ingredients business**
- **Achieve scale in international cheese**
- **Develop “world-class” nutritional solutions capabilities**

- Changing trading environment in Irish operations, particularly pigmeat
- Pizza cheese business impacted by MTR implementation
- Good market conditions for US cheese business
- Continuing development of Nutritionals business
- Group transitioning to a growth & development phase
- Overall 2004 earnings per share in line with expectations **AND...**
- Well positioned to deliver solid earnings growth going forward

## Supplementary Information

# Group Profit and Loss Account



	H1 2004 € million	H1 2003 € million	% Change
<b>Turnover</b>			
-Continuing operations	880.41	872.18	+ 0.9
-Discontinued operations	93.60	178.59	
	974.01	1,050.77	- 7.3
<b>Operating profit</b>			
-Continuing operations	39.74	46.66	- 14.8
-Discontinuing operations	0.43	(1.24)	
	40.17	45.42	-11.6
Joint venture and associates	0.11	0.30	
	40.28	45.72	-11.9
Interest	(4.53)	(8.17)	
<b>Profit before tax and exceptionals</b>	<b>35.75</b>	<b>37.55</b>	<b>- 4.8</b>
Exceptionals	-	(26.85)	
<b>Profit before tax after exceptionals</b>	<b>35.75</b>	<b>10.70</b>	<b>+ 3x</b>

2004 Interim Results

# Group Balance Sheet



	H1 2004 € million	H1 2003 € million	Change € million
Fixed assets	380.4	411.5	(31.1)
Working capital	172.5	209.8	(37.3)
Non-current liabilities	(60.1)	(48.6)	(11.5)
	492.8	572.7	(79.9)
Net borrowings	(173.6)	(250.8)	77.2
Capital employed	319.2	321.9	(2.7)

# Group Cash Flow



	H1 2004 € million	H1 2003 € million
<b>Inflows</b>		
Profit before tax	35.7	37.6
Depreciation and amortisation	17.2	22.3
	52.9	59.9
<b>Outflows</b>		
Working capital	(90.9)	(120.5)
Tax	(1.1)	(3.2)
Capital expenditure	(24.0)	(17.4)
Equity and preference dividends	(13.4)	(13.3)
Other	(0.5)	(0.2)
	(129.9)	(154.6)
<b>Operating cash outflow</b>	<b>(77.0)</b>	<b>(94.7)</b>
Purchase of investments	(24.3)	(0.1)
Fire insurance re-instatement proceeds	-	7.6
Disposals	90.6	-
Share capital issued	0.2	-
Currency translation	(9.3)	12.7
<b>Debt increase</b>	<b>(19.8)</b>	<b>(74.5)</b>

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## Contact Us

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For more information look up [www.glanbia.ie](http://www.glanbia.ie)

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