

interim results

06

a world of dairy foods  
and nutritional ingredients





## Overview

- Similar results overall to first half 2005; as indicated in AGM statement
- Results mainly reflect very difficult period for Food Ingredients Ireland
- Satisfactory performance from other operations, including new property business unit
- International joint ventures progressing well
  - Glanbia Cheese (UK) good first half performance
  - SWC (USA) and Nutricima (Nigeria) scale-up of operations in line with plans
- Strategic development of the Group enhanced with Seltzer acquisition (announced today)

### Overall...

**steady performance despite challenging environment in Ireland  
combined with further good progress overseas and  
significant Nutritionals acquisition**

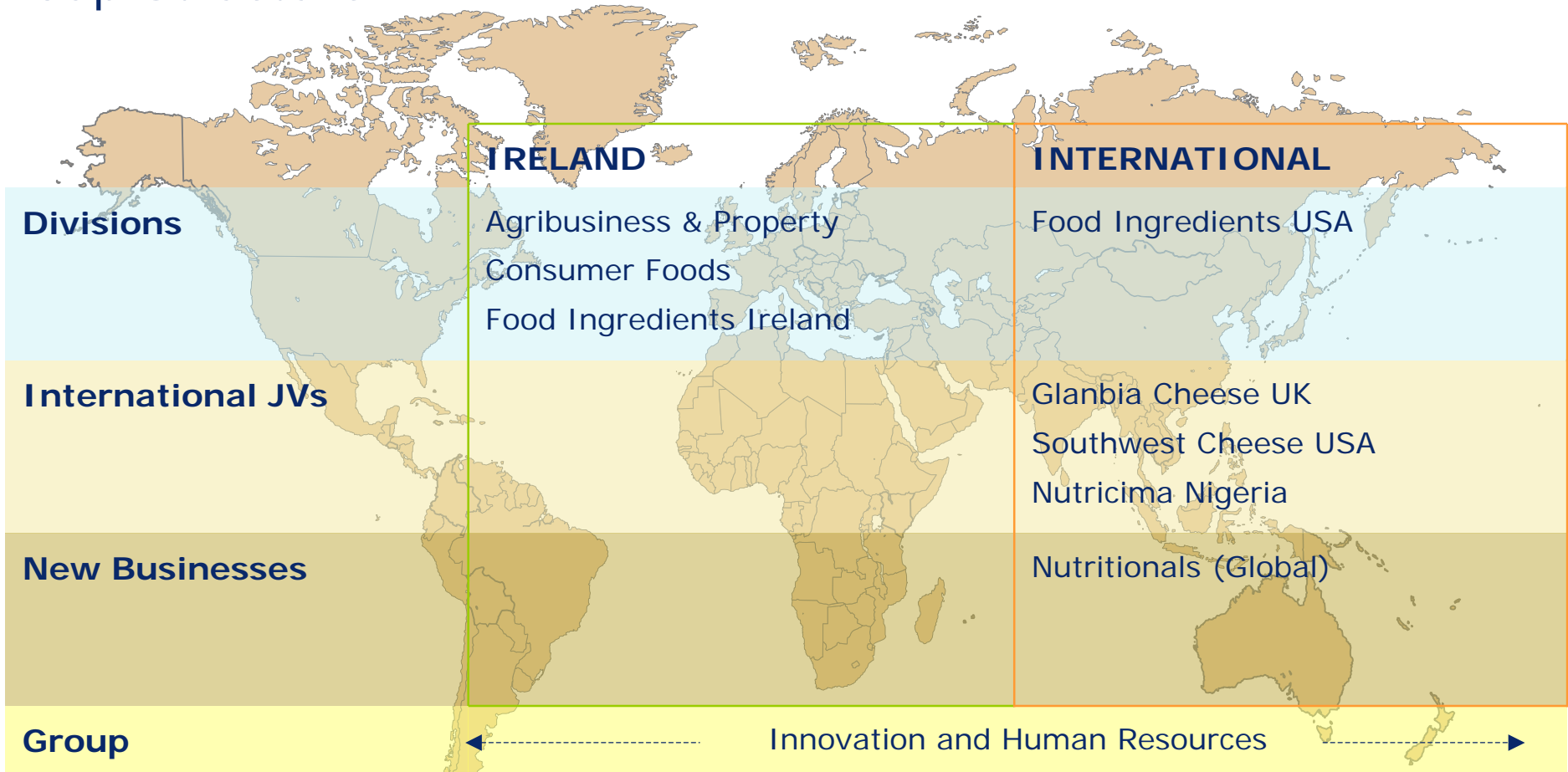
## Financial Performance

	H1 2006 Pre exceptional	H1 2005 Pre exceptional	Change
Revenue	€922.8 m	€926.1 m	Similar
Operating profit	€36.4 m	€38.3 m	Down 5%
Operating margin	3.9%	4.1%	Down 20 bps
Net financing costs	€6.5 m	€7.7 m	Improved 15%
Share of results of associates and joint ventures	€0.3 m	€0.04 m	Improved
Profit before tax	€30.2 m	€30.6 m	Similar
Adjusted earnings per share	9.12 c	9.10 c	Similar
Dividend per share	2.38 c	2.27 c	Up 5%
Net debt	€301.2 m	€286.6 m	Up 5%
Interest cover	5.6x	5.0x	Improved

**Exceptional items:** There were no exceptional items in the first half of 2006. Net exceptional items for the same period last year amounted to €4.2 million.



# Group Structure



# Agribusiness & Property

## Agribusiness

- Solid performance; 61 locations nationally
- Benefits of ongoing investment programme
  - Technology/business systems
  - Branch formats/wider range
- Outlook for H2 is satisfactory

## Property

- Newly formed in 2005
- Good transaction pipeline
- Strong H1, 2006 transactions largely completed in the first half



	H1 2006	H1 2005
Revenue up €23.3 m	€165.6m	€142.3m
Operating Profit up €7.9 m	€15.9m	€8.0m
Operating Margin (excluding property)	5.8%	5.2%

**Agribusiness:** Feed milling, fertiliser, full range of farm inputs and 'CountryLife' range.

**Property:** maximising value of Group-wide property.





## Consumer Foods

### Liquid milk and chilled foods

- Reasonable performance overall
- Competitive trading environment
- Liquid milk aided by 05 CMP acquisition
- Chilled foods aided by prior rationalisation, strong marketing spend and NPD
- Outlook is for solid H2 performance

### Pigmeat

- Better markets but tight supply impacted margins
- Outlook is for some improvement in H2

	H1 2006	H1 2005
Revenue up €9.8 m	€252.3m	€242.5m
Operating Profit up €0.3 m	€8.5m	€8.2m
Operating Margin similar	3.4%	3.4%

**Liquid milk and chilled foods:** Branded liquid milk, dairy products, cheeses and fresh soups

**Pigmeat:** Fresh pork and bacon products



## Food Ingredients & Nutritional

### Food Ingredients Ireland

- Very tough first half; margin pressure
  - Year 3 MTR, reduced industry supports
  - Lower world dairy markets
- Ongoing cost competitiveness focus
- Outlook is for H2 results in line with H2 05

### Food Ingredients USA

- Good operating performance
- Production up, cheese markets volatile
- Outlook for H2 is positive with further volume growth and improving markets

### Nutritionals

- Good organic growth, acquisitions and NPD

	H1 2006	H1 2005
Revenue down €36.4 m	<b>€504.9m</b>	<b>€541.3m</b>
Operating Profit down €10 m	<b>€12.1m</b>	<b>€22.1m</b>
Operating Margin down 170 bps	<b>2.4%</b>	<b>4.1%</b>

**Food Ingredients:** Cheese, butter, casein and whey protein

**Nutritionals:** Dairy-derived ingredients, vitamins and minerals



## International Joint Ventures: UK

**Name:** Glanbia Cheese

**Where:** Wales & NI

**Partner:** Leprino Foods

- No. 1 Europe mozzarella Cheese
- Technology driven business
- Steady improvement in profits and margins
- H2 outlook is satisfactory





## International Joint Ventures: USA

**Name:** Southwest Cheese

**Where:** Clovis New Mexico

**Partner:** Great South West Milk Agency

- US\$190 million investment
- Cheese and whey facility
- 1.1 billion litres of milk
- Full production by mid-2007 delivering annualised sales of US\$350 million
- Commissioning going well
- Official opening October 06



## International Joint Ventures: Nigeria

**Name:** Nutricima

**Where:** Lagos

**Partner:** PZ Cussons plc

- US\$25 million investment
- 50:50 Joint Venture
- Powdered and evaporated milk
- Population of 140 million
- Strong sales growth
- Annualised sales US\$100 million
- Performing to expectations
- Further expansion planned



## Nutritionals Strategy



to be a key global provider of nutritional ingredients  
and nutritional solutions...

...significant step change with Seltzer acquisition

Bioferrin®

BARPRO™

SALIBRA™



## Seltzer Companies, Inc.



### The Deal

- Identified by US business development team
- Subject to HSR approval in the USA; completion expected October 2006
- US\$105 million (€81.8 million) consideration
  - US\$80 million (€62.3 million) cash on completion
  - US\$25 million (€19.5 million) subject to achieving predetermined profit targets
- 2005: revenue US\$52.6 million (€41.0 million); operating profit US\$6.4 million (€5.0 million)
- Strong operating margins of 12% (05)
- Acquisition multiples – Historic 05 13x; Forward 06 8x to 9x
- Gross assets US\$17.0 million (€13.2 million);
  - Goodwill relates to strong growth potential and market positions
- Acquired on a debt free basis; funded from Group's existing facilities



## Seltzer Companies, Inc.

### The Business

- Long established, family run, owner entrepreneur business
- Headquartered in San Diego County, California; excellent facilities
- 94 employees
- Leading nutritional solutions company
  - Supplier of nutritional premixes, bulk fine ingredients and speciality chemicals
  - Supplying food, beverage and pharmaceutical markets
  - High margin businesses with strong growth trends



## Seltzer Companies, Inc.

### The Rationale

- Profitable, growing company with strong management, systems and processes
- Expanded product range and process capability
- Strong key account relationships and reputation
- Strong and complementary R&D skill set
- Strong distribution capability for Glanbia's NPD pipeline



**Strong fit with Glanbia's existing Nutritional business,  
delivers increased scale in key growth sectors and  
earnings enhancing in 2007**



## 2006 Outlook

### Ireland

- No material change in trading environment
- Aspects are still challenging
- Key focus is managing high cost of doing business
- Expect some improvement in H2 performance

### International

#### USA

- Further volume growth
- Strong capacity utilisation
- Improving cheese markets
- Positive H2 performance expected

#### Nutritionals

- Integrate/leverage Seltzer acquisition
- Additional organic growth, NPD and innovation

#### JV's

- Continuing good progress

**Overall expect to meet market expectations for the full year.  
Targeting double digit growth in 2007.**

**Thank you.**

A world of dairy  
foods and nutritional  
ingredients





## About Us

- International dairy based food and nutritional ingredients Group
- Operations in Ireland, Europe, USA
- International Joint Ventures UK, USA and Nigeria
- Listed Irish and London Stock Exchanges (Symbol: GLB)
- C. €700 million market capitalisation
- Free float 45%; Co-op ownership 55%



## Consolidated Income Statement

€ million	H1 2006 Pre exceptional	H1 2005 Pre exceptional
Revenue	922.8	926.1
Operating profit	36.4	38.3
Finance income and costs	(6.5)	(7.7)
Share of results of associates and joint ventures	0.3	-
Profit before tax	30.2	30.6
Taxation	(3.2)	(3.9)
Profit for the period	26.9	26.7

**Exceptional items:** There were no exceptional items in the first half of 2006. Net exceptional items for the same period last year amounted to €4.2 million.

## Group Balance Sheet

€ million	H1 2006	H1 2005	Change
Property, plant and equipment	337.6	322.1	<b>15.5</b>
Investments	98.6	94.5	<b>4.1</b>
Intangible assets	58.3	44.8	<b>13.5</b>
Non-current receivables	58.2	55.9	<b>2.3</b>
Working capital	95.6	62.7	<b>32.9</b>
Non-current liabilities	(55.1)	(53.9)	<b>(1.2)</b>
Retirement benefit obligations (net of tax)	(109.1)	(139.4)	<b>30.3</b>
	<u>484.1</u>	<u>386.7</u>	<u><b>97.4</b></u>
Net financing	(301.2)	(286.6)	<b>(14.6)</b>
Shareholder's equity	182.9	100.1	<b>82.8</b>

## Group Cash Flow

€ million	H1 2006	H1 2005
<b>Operating profit (post exceptional costs)</b>	<b>36.4</b>	<b>32.0</b>
Depreciation and amortisation	14.4	13.7
Gain on disposal of assets	(7.1)	(0.9)
Interest and taxation	(8.1)	(15.1)
Other	(1.4)	(0.7)
Cash from operations pre movements in working capital	34.2	29.0
Changes in working capital	(93.5)	6.2
Net cash from Operations	(59.3)	35.2
Disposals of assets and investments	5.7	3.4
Capital expenditure	(28.1)	(24.3)
Acquisitions and investments	(3.5)	(15.1)
Equity dividends	(9.5)	(9.0)
Other	0.2	(9.8)
<b>Net cash outflow</b>	<b>(94.5)</b>	<b>(19.6)</b>
<b>Currency translation</b>	<b>9.0</b>	<b>(6.1)</b>
<b>Increase in net debt</b>	<b>(85.5)</b>	<b>(25.7)</b>



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