



C&C acquires Hornsby's, the number two US cider brand

Strengthens C&C's position in the rapidly growing US cider category

Dublin, London | 8 November 2011: C&C Group plc ("C&C"), a leading manufacturer, marketer and distributor of branded beverages in Ireland and the UK, today announces that it has acquired Hornsby's, the number two domestic US cider brand (the "Business") from E. & J. Gallo Winery ("Gallo"), for a cash consideration of up to €20 million (US\$27.5m) (the "Transaction").

Gallo, based in Modesto, California, is the largest winery in the world and the foremost winery in the art of grape growing, winemaking, distribution and marketing of wines.

The Transaction has completed for an initial cash consideration of €16.4 million (US\$22.5m). Deferred consideration of up to €3.6 million (US\$5.0m) is payable subject to the performance of the business in the period to April 2012. C&C is funding the Transaction from its existing cash resources. The Transaction is not subject to any legal, tax or regulatory clearances.

Transaction Highlights

- C&C becomes the number 2 cider company with an estimated 20% share in a rapidly growing US cider category
- The United States ("US") long alcohol drinks ("LAD") market is one of the largest in the world with significant growth potential for cider – cider's current share of LAD is estimated to be 0.2%
- Hornsby's complements Magners' existing position in the US: Hornsby's is primarily an off-trade and West Coast brand while Magners is primarily an on-trade and East Coast brand
- Broader portfolio benefits for C&C through the combination of a US domestic cider brand with strong brand equity and a premium imported craft Irish cider brand
- Presents significant opportunity for C&C to invest in and grow Hornsby's volumes in the US and the potential to develop export led growth of the brand

Stephen Glancey, C&C's Chief Executive Officer designate, commented:

"We are pleased to announce the acquisition of Hornsby's which represents a significant step towards the development of the Group's international, cider-led strategy."

"The Transaction more than doubles our volume in a growing market; broadens the scope of our cider portfolio; and, presents significant opportunity to develop the Hornsby's brand throughout North America."

Transaction Overview

C&C has acquired the Hornsby's cider brand, the number two cider brand in the United States. In addition to the global intellectual property rights to the Hornsby's brand and goodwill associated with the brand, C&C will also acquire stock including raw materials, work in progress, finished goods and point of sale materials. Cash consideration paid to Gallo is €16.4 million with up to a further €3.6 million payable subject to the achievement of performance targets in the period to April 2012. Inventory adjustments will be made at the end of the transitional period.

The Hornsby's cider brand was launched in 1994 by Gallo to complement its wine and spirits portfolio and to enter the growing US cider market. Gallo initially launched the brand on the West Coast of the United States. While the brand's greatest penetration remains on the West Coast, its distribution now spans the entire United States.

Hornsby's is currently the number two cider brand in the US with a 35% share of the off-trade cider category by volume¹. There are two flavour variants – Amber Draft and Crisp Apple – both of which are exclusively distributed through the off-trade in a 330ml glass bottle format. In the year ended 31 December 2010, Hornsby's volumes were 61,000 hectolitres and net revenue was US\$11.7 million (c. €8.5m). The business is currently delivering low single-digit revenue and volume growth. Based on year to date performance, the business is expected to generate a contribution after marketing of €3.6 million in the 12 months to December 2011 before estimated overheads of approximately €1.4 million.

Hornsby's is produced and packaged at Gallo's winery in Modesto, California. The Business does not have its own dedicated sales and marketing resource and as a result, Hornsby's is managed within the context of the entire Gallo portfolio of brands.

Cider Opportunity in the United States

C&C estimates that annual US sales of cider are currently 400,000 to 500,000 hectolitres, cider category volumes are growing at approximately 20% *per annum*, and cider's current market share of the US LAD market is approximately 0.2%. There is a growing preference among LAD consumers for products with a unique brand story and elements of craft/tradition in manufacture. This is contributing to broad-based growth in the consumption of craft beers and ciders and a shift away from mainstream beers. In addition, there is a growing consumer preference for sweeter alcohol products which naturally leads many consumers to choose cider over beer.

C&C believes that there is significant opportunity to grow its US business through the acquisition and investment behind the Hornsby's brand. Given the size and relatively limited significance of the Hornsby's business to Gallo, C&C believes that there is opportunity to enhance the brand's performance within the C&C Group given its focus on LAD and proven experience in building cider brands. While the brand has underperformed during a period of low investment levels, Hornsby's has strong brand equity and a craft heritage. These brand attributes provide C&C with the opportunity to re-invest behind the brand and re-enforce Hornsby's position as a craft premium cider brand alongside the Group's existing premium imported Irish cider brand, Magners. Hornsby's existing strength in the off-trade and on the West Coast will also complement Magners existing position of strength in the on-trade and along the US East Coast.

Sales of C&C's existing premium Irish cider brand, Magners, in the United States were 45,000 hectolitres in the financial year ended 28 February 2011. This represented volume growth of 38% on the prior year. Magners cider continues to grow with sales in the US expected to grow by over 20% in the 2011/12 financial year. The acquisition of the Hornsby's brand will increase C&C's US cider volume to over 100,000 hectolitres per annum. C&C will become the number 2 US cider company with an estimated 20% share of the cider category.

¹ IRI, 52 weeks ending 15 May 2011

C&C's US business has its own office infrastructure and sales force with back office support from C&C in Ireland. Under a transition services agreement, Gallo will provide C&C with sales support for six months and production and logistics support for 12 months post completion.

Conference Call Details - Analysts & Institutional Investors

C&C will host a conference call for analysts and institutional investors today, 8 November 2011, at 2.30pm GMT (9.30am ET). Dial in details to access this conference call are outlined below:

Ireland	+353 1 486 0918
UK & Rest of Europe	+44 20 7136 2050
USA	+1 646 254 3364

About C&C Group plc

C&C Group plc is a leading manufacturer, marketer and distributor of branded beverages in Ireland and the UK. C&C manufactures Bulmers, the leading Irish cider brand, Magners, the premium international cider brand, the Gaymer Cider Company range of branded and private label ciders, and the Tennent's beer brand. The Group also distributes a number of beer brands in the Scottish, Irish and Northern Irish markets, primarily for Anheuser-Busch InBev. Visit www.candcgroupplc.com

Note regarding forward-looking statements

This announcement includes forward-looking statements, including statements concerning expectations about future financial performance, economic and market conditions, etc. These statements are neither promises nor guarantees, but are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated.

C&C Group plc	Investors and Analysts
Kenny Neison Strategy Director & Head of Investor Relations Tel: +353 1 616 1100 Email: kenny.neison@candcgroup.com	Mark Kenny/Jonathan Neilan FTI Consulting Tel: +353 1 663 3686 Email: CandCGroup.SC@fticonsulting.com

Media Dublin	Media London
Paddy Hughes Drury Tel: +353 1 260 5000 Email: paddy.hughes@drury.com	Robert Ballantyne/Shanshan Willenbrock Cardew Group Tel: +44 20 7930 0777 Email: robert.ballantyne@cardewgroup.com