



C&C Group plc

C&C Group plc to acquire UK cider assets of Constellation Brands Inc., The Gaymer Cider Company, for £45 million

Dublin, London | 30 November, 2009: C&C Group plc (“C&C” or the “Group”), a leading manufacturer, marketer and distributor of branded alcoholic beverages in Ireland and the UK, today announces that it has agreed to acquire the UK cider assets of Constellation Brands, The Gaymer Cider Company (the “Business”) for a cash consideration of £45 million (approximately €50 million) (the “Transaction”). Constellation Brands Inc., (“CB”) based in Victor, New York, is the leading producer of premium wines in the world. The Transaction will be financed by a new bank facility of £60 million (c. €67 million).

The Group expects that the Transaction will be immediately earnings accretive and will generate a return on invested capital that will exceed the Group’s weighted average cost of capital in the first full financial year following the Transaction.

The Transaction is expected to complete by mid-January, 2010, following consultation with employees. The Transaction is not conditional upon clearance by the UK Office of Fair Trading (“OFT”) but will be subject to review by the OFT.

Scope of the Transaction

The assets of the Business being acquired include:

- A broad UK cider portfolio which includes the brands Blackthorn, Olde English and Gaymers;
- A cider production facility at Shepton Mallet, Somerset, England; and
- A distribution warehouse in Bristol, England.

The Gaymer Cider Company is an established manufacturer and supplier of cider in the UK and comprises a broad portfolio of well invested cider brands. The portfolio includes a range of on and off-trade brands, the largest of which are Blackthorn, Olde English and Gaymers. It also includes a range of value cider brands and ‘own label’ cider production for UK grocers. Total cider volumes for the year ended February 2009 were approximately 1.5 million hectolitres – almost twice the size of Magners’ current UK volumes. Cider volumes are off-trade oriented with in excess of 80% of the volumes through this channel. The Business also has a strong track record of innovation which is reflected in the strength of the cider brands within its portfolio. It employs approximately 250 people in England.

The Business generated net sales of £64 million and EBITDA of approximately £5.4* million in the year ended 28 February, 2009 and is expected to deliver strong EBITDA growth in the year to 28 February, 2010. The Business is well invested, both in terms of assets and brands. The Gross Assets of the Business being acquired are approximately £43.5 million. Projected capital expenditure is expected to remain at or below current depreciation levels.

The Transaction diversifies C&C’s portfolio within the overall cider category, strengthens the Group’s packaged cider offering and provides C&C with an established mainstream draught cider brand. It also increases the Group’s channel weighting towards the off-trade to better reflect the channel split of the overall UK cider category and significantly enhances the Group’s route to market. The Transaction will strengthen C&C’s position within the growing UK cider category, the largest cider market in the world by value.

***Note:** EBITDA is an estimate for the Business as it currently shares infrastructure and administration costs with other divisions of Constellation Brands

Rationale for the Transaction

The Board believes that the Transaction is strategically and financially attractive for C&C. The Transaction strengthens C&C's position within the UK cider market and broadens the scope of the Group's existing cider offering. The Transaction is expected to be immediately earnings enhancing and the Group has identified a range of cost and revenue synergy benefits.

Specifically, the Transaction delivers a range of strategic and financial benefits for C&C:

- It strengthens our UK cider business – consolidating C&C's position as a strong player in the world's largest cider market;
- It provides us with a broad portfolio of cider brands which address all segments of the cider category;
- It increases our scope for cider brand development and innovation; and,
- The expected returns for our shareholders are attractive.

Tony O' Brien, Chairman of C&C said:

"The acquisition of The Gaymer Cider Company provides us with established and well invested brands. The acquisition enhances our product portfolio, creates operating synergies and delivers value for our shareholders."

John Dunsmore, CEO of C&C Group, said:

"We are pleased to announce our agreement to acquire The Gaymer Cider Company at a price which we consider to be highly attractive for our shareholders. This transaction strengthens our position within the world's largest cider market and broadens the scope of the Group's existing cider offering."

Conference Call Details

Analysts & Institutional Investors

- C&C will host a presentation for analysts and institutional investors today, 30 November, at 10.00am GMT (5.00am ET) in the Kildare Room at the Westbury Hotel, Dublin 2. It will also be possible to participate in the presentation and Q&A session via conference call using the dial in details below:

Ireland +353 (0) 1 436 4265
UK & Europe +44 (0) 208 817 9301
USA +1 718 354 1226

- C&C will also host a second conference call today for analysts and institutional investors at 3.00pm GMT (10.00am ET). Dial in details to access this conference call are outlined below:

Ireland +353 (0) 1 436 4265
UK & Europe +44 (0) 208 817 9301
USA +1 718 354 1226

For further details, or for conference call replay numbers, please contact *FD K Capital Source* on the contact details at the end of this release.

Media

- C&C will host a conference call for news wires today, 30 November, at 7.30am GMT. Dial in details to access this conference call are outlined below:

Ireland +353 (0) 1 436 4265
UK & Europe +44 (0) 208 817 9301

- C&C will also host a presentation for media today, 30 November, at 11.30am GMT in the Kildare Room at the Westbury Hotel, Dublin 2. It will also be possible to participate in the presentation and Q&A session via conference call using the dial in details below:

Ireland +353 (0) 1 436 4265
UK & Europe +44 (0) 208 817 9301

Contacts

Investors and Analysts	Irish Media	International Media
Mark Kenny/Jonathan Neilan <i>FD K Capital Source</i> Tel: +353 1 663 3680 Email: c&cgroupp@kcapitalsource.com	Paddy Hughes/ Anne-Marie Curran <i>Drury Communications</i> Tel: +353 1 260 5000 Email: phughes@drurycom.com	Robert Ballantyne/Shanshan Willenbrock <i>Cardew Group</i> Tel: +44 20 7930 0777 Email: robert.ballantyne@cardewgroup.com

Transaction Overview

The UK cider market is the world's largest cider market by value and comprises total volume of approximately 9 million hectolitres. Approximately one third of this volume is sold through the on-trade channel and two thirds through the off-trade channel.

C&C has agreed to acquire The Gaymer Cider Company, the UK cider assets of CB, an established manufacturer and supplier of cider in the UK market. The Business comprises a broad portfolio of well invested cider brands and 'own label' cider production. Own Label activity involves the production and packaging of cider on behalf of a number of UK grocers. Total cider volumes for the Business for the year ended February 2009 were approximately 1.5 million hectolitres. The Business is off-trade oriented with over 80% of the volumes through this channel. The cider portfolio includes a range of on and off-trade brands, the largest of which are Blackthorn, Olde English and Gaymers.

- Blackthorn is the largest brand within the Business. It is a mainstream brand and is one of the largest cider brands in the UK.
- Olde English is an off-trade brand and is the second largest brand within the portfolio.
- Gaymers, primarily an off-trade brand, is the smallest of the three core cider brands but is the brand with the strongest growth characteristics.

Other cider produced primarily falls within the scope of off-trade value brands or own label production.

Operations

The Group is acquiring Shepton Mallet, one of only three scale cider production facilities in the UK. Production capacity at Shepton Mallet is approximately 2 million hectolitres. Shepton Mallet also has extensive packaging capability and currently produces draught (keg), glass, can and plastic formats.

In addition to the production facility, the Group is acquiring warehouse facilities at Shepton Mallet together with a distribution warehouse in Bristol. The Bristol facility is significant in scale and is well located as a national distribution centre for the UK market.

Synergy Benefits

The Group has identified synergies of £3 million and it is currently expected that these will be delivered in full by the end of the 2012/13 financial year. It is expected that the cash cost of achieving these synergies will be approximately £1.5 million and that this will be incurred in the 2010/11 financial year.

The synergy benefits identified include both cost and revenue synergies. Cost synergies will be delivered by optimising sourcing, improving the efficiency of the enlarged Group and by reducing overlap where appropriate. In addition, revenue synergies will be achieved by selling a broader range of cider brands, in particular draught Blackthorn, through the Group's recently acquired Tennent's distribution network in Scotland and Northern Ireland.

It is anticipated that the effective tax rate on the acquired earnings stream will be 28% following completion. The effective tax rate on the Group's existing businesses will not be impacted.

The Acquisition

The Group is acquiring the Business and its assets including its brands and trade marks, its production facilities and warehouses and its customer contracts. The employees in the Business will transfer to the Group. The Group will not assume tax or pension liabilities or financial indebtedness. The consideration is £45 million payable in cash on completion. The consideration is subject to an adjustment for net working capital.

CB has agreed to supply the Group with certain services for a transitional period including accounting and finance, IT and operations. The Group will continue to manufacture and package certain products for CB and will grant a short term lease to CB of part of the Bristol distribution warehouse.

Transaction Financing

The Transaction will be financed by a new bank facility of £60 million (c. €67 million). The Group has negotiated a new facility, at market rates, with a syndicate of three banks, with Ulster Bank (as Agent), Lloyds Banking Group and BNP Paribas acting as Mandated Lead Arrangers. The facility expires on 30 June, 2011 and amortisation of the facility begins in June 2010.

The overall impact of the Transaction, on the Group's Net Debt/EBITDA ratio, is limited and the Group maintains a comfortable level of covenant headroom and liquidity, as outlined following the recent Tennent's acquisition. The Group remains committed to its target of reducing the Net Debt/EBITDA ratio to c. 2 times by the end of February 2012.

The Group also intends to maintain its stated dividend policy in the current financial year and to pay a dividend of no less than 6 cent per share for 2009/10.

Integration

It is expected that the integration of the Business will be relatively straightforward given the off-trade weighting of the Business and a comparatively small customer base, many of whom are existing C&C customers. However, as with the recent acquisition of the Tennent's business, the Group has established a dedicated integration team to ensure an effective integration programme. Significant preparation on integration planning has already been completed by this team. CB has also agreed to provide transitional support services for a period of six months while the Business is being integrated into the Group. These transitional services provide the Group with increased flexibility to run this integration process in addition to the integration of the Tennent's business.

The integration of the Tennent's business is progressing well. The Group has completed the integration process in the Republic of Ireland and the integration of the Scottish business is well advanced. C&C is awaiting the OFT final decision on the Tennent's acquisition pending which the Northern Irish businesses are being held separate.

Distribution of Draught Magners

C&C recently signed a non-binding letter of intent with Molson-Coors ('Molson Coors UK') to modify the terms of the existing agreement under which MC distributes draught Magners for C&C in Great Britain ('GB'). Under the terms of the revised agreement, Molson Coors UK will continue to distribute draught Magners to the Independent Free Trade in England & Wales. C&C will distribute draught Magners to the on-trade in Scotland and to multiples in the on-trade in England & Wales. It will also distribute all other LAD brands to the on-trade throughout GB.

Business Conditions

While current business conditions in the Group's core cider markets remains challenging, C&C is on track to deliver a full year operating profit outcome in line with its stated guidance. Guidance for the 2009/10 full year, which includes the impact of the Tennent's business, will be provided in the Group's interim management statement to be issued mid-January, 2010.

C&C Group plc was advised on this Transaction by Rothschild.

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 the leading Irish cider brand, Bulmers, and the premium international cider brand, Magners, for export to the United Kingdom, the United States and Continental Europe. C&C recently acquired the Tennent's beer brand which is primarily sold in Scotland and Northern Ireland. C&C also exports spirits and liqueurs, including the premium Irish whiskey brand, Tullamore Dew, to over 80 international markets. The Group also distributes a number of beer brands in the Scottish, Irish and Northern Irish markets and niche spirits and liqueur brands across a number of international markets.

C&C is headquartered in Dublin and its manufacturing operations are based in Clonmel, Co. Tipperary and Glasgow. C&C is listed on the Irish and London Stock Exchanges.

Forward-looking Statements

This announcement contains forward-looking statements, including statements about C&C's intentions, beliefs and expectations and expected tax rates. These statements are based on C&C's current plans, estimates and projections, as well as C&C's expectations of external conditions and events. In particular the words 'expect', 'anticipate', 'predict', 'estimate', 'project', 'may', 'could', 'should', 'would', 'will', 'intend', 'believe' and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. The Group undertakes no duty to and will not necessarily update any of them in light of new information or future events, except to the extent required by any applicable law or regulation. Shareholders are therefore cautioned that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements.

Nothing in this announcement is intended or is to be construed as a profit forecast or to be interpreted to mean that earnings per Share for the current or future financial years, or those of the enlarged Group, will necessarily match or exceed the historical published earnings per share. Notwithstanding anything in this announcement to the contrary, there is and can be no assurance that the Transaction will be consummated in the manner described herein.