

## INTERIM MANAGEMENT STATEMENT

**Dublin, London, 25 May 2010:** C&C Group plc ('C&C' or the 'Group'), a leading manufacturer, marketer and distributor of branded beverages in Ireland and the UK, today issues the following Interim Management Statement covering the period from 1 March 2010 to the date of this statement.

### Highlights: Two Months to 30 April 2010

- Proposed disposal of Spirits & Liqueurs division for cash consideration of €300 million announced on 30 April
- Unconditional approval from the Office of Fair Trading for the acquisition of the Gaymers business on 8 April
- 'Method in the Magners' campaign launched in Great Britain (GB). Bulmers Berry introduced in the Republic of Ireland (ROI)
- Revenue, net of duty, up 69.7% compared to last year on a constant currency basis
- Revenue, net of duty, on a like-for-like and constant currency basis declined 1.7% compared with last year. This reflects:
  - A decline in cider revenues of 3.0%;
  - Magners revenue decline of 1.8% in GB; and
  - the impact of the Bulmers price reduction in June 2009, contributing to a 7.8% reduction in cider revenue in ROI
- Like-for-like cider volumes declined 1.0% year on year with declines of 1.0% in ROI, 2.7% in the Magners brand in GB and good growth in the Rest of the World
- Good progress on the significant challenges of integrating Tennent's and Gaymers
- Acquisitions trading in line with expectation and on track to deliver synergy target of £5 million in FY11

### **Trading Activity: Two Months to 30 April 2010**

CIDER	Volumes		Revenue <sup>(i)</sup>
	2 mths to 30 April 2010 (million litres)	Change on prior year	Change on prior year
<b>Organic</b>			
Great Britain	12.7	-2.7%	-1.8%
Republic of Ireland	9.4	-1.0%	-7.8%
Rest of the World	3.3	+6.0%	+11.3%
<b>Subtotal Organic</b>	<b>25.4</b>	<b>-1.0%</b>	<b>-3.0%</b>
<b>Acquired</b>			
Gaymers Portfolio	32.2	5.2%	n/a
<b>Total Cider</b>	<b>57.6</b>	<b>2.4%</b>	<b>n/a</b>

(i) Revenue on a constant currency basis and net of duty

### **Magners in GB**

The rate of decline in Magners GB volume has improved relative to the 5% decline in FY10 and suggests continued progress towards stabilisation for the brand. This is despite a difficult set of off trade comparatives in March & April 2009 that included a significant level of promotional activity in the Grocery channel. A reduced level of promotional activity this year has contributed to a positive volume to value ratio in the period, despite having absorbed the impact of the duty increase announced in the Chancellors budget on 6 April. In addition, the substantial increase in Cider Excise Duty, and our accompanying price hold for Magners, has led and will lead to volatile year-on-year comparative performance until the UK Cider Duty regime is clarified. There has been a considerable amount of brand activity in the last 12 weeks with the introduction of the 'Method in the Magners' marketing campaign and the launch of a new draught product, Magners Golden Draught, in the Scottish market.

## ***Bulmers in ROI***

In May 2009, the Group reduced the pricing of Bulmers pint bottles to wholesalers by 10%. The initiative was one of a number of factors in 2009 that contributed to a C&C volume performance ahead of the LAD market trends in both the on and off trade channels. A volume decline of 1.0% for the two months to 30 April represents a robust performance in a market where the latest 12 month LAD decline is still running around -6% and trading conditions remain challenging. Revenue comparisons will remain weak until the date of the price reduction goes through a 12 month cycle. The Group continues to invest in the momentum of Bulmers with the announcement in May of a 2.4% reduction in the wholesale price of draught and the launch of Bulmers Berry in April, adding to the growing Bulmers range.

## ***Spirits & Liqueurs***

For the period 1 March to 30 April 2010 the Division recorded revenues of €9.9 million.

The positive trends evident in the second half of FY10 have continued into FY11. The volumes shipped in March and April 2009 were depressed as a consequence of distributor destocking. Having recognized the weak comparatives, the volume growth of 26% in the same period this year accompanied by revenue growth of 29% does represent a significant uplift. Tullamore Dew shipment growth leads the other brands in the portfolio and latest depletion data in key markets such as the USA indicates that the growth is not solely a process of restocking.

On 30 April, the Group announced an agreement to dispose of its Spirits & Liqueurs division to William Grant & Sons Holdings Ltd. for a cash consideration of €300 million. The disposal is subject to C&C shareholder approval and the EGM is scheduled for 17 June 2010. A circular will be issued to shareholders by May 27.

## ***Acquisitions***

Given the carve-out nature of the acquisitions, revenue comparatives are not available for Gaymers and Tennent's. In the two month period to 30 April, Gaymers volumes were up 5.2% on prior year. The start to the year has been slower for beer with Tennent's volumes down 16.3% on last year. Northern Ireland has been a particularly challenging trading environment over the last two months, although the brand has managed to regain market share in the on trade. Both businesses are currently trading in line with the expectations of management at the time of acquisition.

Good progress has been made on integration but there are still significant challenges to be addressed over the summer months, particularly in relation to the development of a new IT systems platform for GB. Exit from both Transitional Service Agreements is scheduled for September 2010.

Good progress is also being made on extracting synergistic benefits from the enlarged business. Distribution arrangements have been restructured in both Northern Ireland and Scotland, integration of the Northern Ireland trading businesses is complete and a new senior management team appointed for GB cider sales and marketing. The Group expects to deliver on its cost and revenue synergy target of £5 million in FY11.

## **Outlook**

The Group remains cautious on the macro economic outlook for both Ireland and Great Britain but is confident in its brand strengths and trading strategies.

## **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 and The Gaymer Cider Company which produces a range of branded and own label cider for the on and off-trade in the UK. The company also distributes a number of beer brands in the Scottish, Irish and Northern Irish markets.

**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.

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