



C&C Group plc to acquire Vermont Hard Cider Company for US\$305 million

Dublin & London | 23 October, 2012: C&C Group plc (“C&C” or the “Group”), a manufacturer, marketer and distributor of branded cider and beer, today announces that it has conditionally agreed to acquire the Vermont Hard Cider Company LLC (“VTHCC” or the “Business”), an independent, premium, craft cider company in the United States (“US”), for a gross consideration of US\$305 million (c. €233 million) (the “Transaction”).

The US\$305 million consideration will be funded using the Group’s senior credit facilities and cash resources. The business being acquired is expected to generate circa US\$15 million of EBITDA for the 12 months ending 31 December 2012. Including non-proprietary brands, which do not form part of the Transaction, the Business is forecast to generate circa US\$23 million of EBITDA in the same period. The Transaction is expected to be immediately earnings accretive.

The Transaction is subject to notification and review under the US Hart-Scott-Rodino Antitrust Improvements Act and also subject to other customary completion conditions. It is anticipated that the Transaction will complete by the end of the Group’s current financial year.

Transaction Highlights & Rationale

- VTHCC owns a leading US cider brand, Woodchuck, a well-invested cidery in Vermont and a national distribution platform
- The Business is delivering strong net revenue and EBITDA growth and is immediately earnings accretive
- Accelerates C&C’s growth prospects – increased exposure to the high growth US cider category which grew approximately 60%¹ in the first six months of 2012
- Compelling strategic and cultural fit – shared commitment to values, heritage and brand attributes
- Proven management team retained to develop and grow the business
- VTHCC CEO and CFO to become shareholders in C&C Group
- C&C’s pro-forma net debt to EBITDA to be less than 1.0x; no impact on Group’s progressive dividend policy

Stephen Glancey, CEO of C&C Group, said:

“C&C is delighted to announce its agreement to acquire the Vermont Hard Cider Company. This transaction transforms our international cider business and accelerates our growth prospects. We intend to invest in the company to capitalise on the growth opportunities presented by this business.”

Bret Williams, President and CEO of VTHCC, commented:

“We are delighted to join the C&C Group and to retain the values which define our success. We believe that C&C is the natural partner for our business. We share heritage, values and culture and are both strong believers in the future growth of cider. Our decision to continue to lead the business and become shareholders in C&C, as part of this transaction, reflects that belief.”

¹Source: US Beer Institute

Vermont Hard Cider Company | Overview

VTHCC is a premium, craft cider company based in Vermont, USA. In 1991, the VTHCC team began selling hard cider in the United States from a small craft production facility in Vermont. Since then, its main brand Woodchuck has grown into the top selling hard cider brand in the US. That growth reflects the pioneering spirit of the VTHCC team, their product innovation and their commitment to their consumer base.

The Business currently employs 125 people, who will remain with the business. VTHCC is led by Bret Williams, President and CEO, and Dan Rowell, CFO, both of whom have entered into new service agreements with C&C to take effect on completion of the Transaction.

Over the past three years, the Woodchuck brand has delivered cider volume and net revenue growth in excess of 23% and 29% respectively per annum. The Business being acquired is forecast to deliver volume and net revenue growth of 26% and 28% respectively in the 12 months to 31 December 2012. This translates to US\$15 million of continuing EBITDA, representing a margin of approximately 27%.

The Business owns and operates:

- trademarks for the Woodchuck cider brand and the Wyder's cider brand;
- a 400,000 hectolitre cidery and warehouse facilities in Vermont, USA, with an option on a new freehold site to expand the cidery and add a visitor centre;
- a US national sales force and distribution capability; and,
- a 20% shareholding in start-up Chinese cider brand, Gold Hard Cider.

At 31 December 2011, VTHCC had gross assets of US\$21 million, net assets of US\$18 million and profit before tax of \$10 million.

Details of the Transaction

Under the Transaction, a C&C Group company has conditionally agreed to acquire all the issued membership units of VTHCC from its existing members, who include current and past employees of the Business and their family members and trusts.

The consideration is US\$305 million on a debt-free, cash-free basis and assuming normalised working capital; to the extent that the closing statement shows a different position, a monetary adjustment will be made. The consideration is payable wholly in cash at closing subject to the above adjustments.

The Transaction is subject to notification and US competition law review under the Hart-Scott-Rodino Improvements Act and also subject to other customary completion conditions. It is anticipated that the Transaction will complete by the end of the Group's current financial year.

Share Placing

On completion of the Transaction, Bret Williams and Dan Rowell will subscribe for a total of 1.42 million new shares (0.4% of the Group's enlarged issued share capital) at €3.77 per share, representing a total investment of US\$7 million. The issue of 1.42 million shares is within the scope of the current authority approved by C&C shareholders disapplying pre-emption rights in respect of up to 5% of the Group's issued share capital.

Financial Impact on C&C Group

The Transaction is immediately earnings accretive. The consideration for the Transaction will be funded by the Group's senior credit facilities and cash resources. The Group's pro-forma year-end net debt to EBITDA ratio is expected to be less than 1.0x.

The Transaction has no impact on the Group's progressive dividend policy which is supported by a strong balance sheet and consistently high free cash flow generation.

Growing US Cider Category

The US cider category has recorded strong growth in the period from 2005 to 2011. Growth has accelerated in the last two years. In 2011, the category reported growth of approximately 20%. In the first six months of 2012, the category has grown by 57%.²

Consistent and accelerating cider category growth in the US, and other international markets, reflects a number of factors which include:

- Changing consumer preferences from mainstream beer towards cider and craft beer;
- Growing consumer awareness of cider and increased investment in the category by major global brewers; and,
- Consumer preference for cider as a natural alternative to other long-alcohol drinks - cider is fruit based and gluten free.

Despite accelerating growth in the US cider category, cider's share of the LAD market is very low at approximately 0.2%. This compares with an approximate 10% and 15% cider share of total LAD in Ireland and the UK respectively where the cider category is well developed.

Strategic Fit | Investment in International Growth

C&C has exported Magners cider into the US for over a decade. In 2011, C&C acquired the Hornsby's brand, on the US West Coast, as a first step in building a presence in domestic US cider. The acquisition of VTHCC enables the Group to participate further in the expected growth of the cider category in the US.

C&C has a track record of identifying, acquiring and developing brand-led businesses. C&C intends to continue to invest in the Business to capitalise on the current and expected growth of the US cider category. This includes a proposed investment in expanding the Businesses' cider production capacity in Vermont, providing a solid base for the US portfolio. The Business will initially operate as a stand-alone, wholly-owned subsidiary of C&C Group with a direct reporting relationship to the Managing Director of the Group's International Business.

Shared Values and Cultural Fit

The Transaction is culturally attractive for both C&C and VTHCC. The VTHCC team has successfully built the Woodchuck brand family on strong brand values and attributes shared by C&C. These include:

- Heritage, Premium & Craft;
- Continuous product innovation;
- Natural products with sustainable supply chain;
- Refreshing and naturally gluten free; and,
- Strong brand loyalty and authenticity.

About C&C Group plc

C&C Group plc is a manufacturer, marketer and distributor of branded cider and beer. The Group 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. C&C Group also owns Hornsby's, a leading craft cider brand in the United States. The Group also distributes a number of beer brands in the Scottish, Irish and Northern Irish markets, primarily for Anheuser-Busch InBev.

Note regarding forward-looking statements

This announcement includes forward-looking statements, including statements concerning current expectations about future financial performance and economic and market conditions which C&C believe are reasonable. However, 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.

²Source: US Beer Institute

C&C Group plc | Contacts

C&C Group: Alan Daly
Head of IR
Tel: +353 1 654 6239
Email: alan.daly@candcgroup.ie

Investors & Analysts: Mark Kenny/Jonathan Neilan
FTI Consulting
Tel: +353 1 663 3686
Email: CandCGroup.SC@fticonsulting.com

Media Dublin: Paddy Hughes
Drury
Tel: +353 1 260 5000
Email: paddy.hughes@drury.ie

Media London: Robert Ballantyne/Shanshan Willenbrock
Cardew Group
Tel: +44 20 7930 0777
Email: robert.ballantyne@cardewgroup.com