

# Chairman's statement



## Results

The year under review was most disappointing for your Board and all Shareholders. A confluence of events conspired against us, notably atrocious weather and aggressive price driven competition in Great Britain, and as a result profitability declined sharply.

Revenue for the year was €679 million, representing a decline of 8.1% on the previous year. Operating profit before exceptional items at €125.2 million, declined by 37.3%. A share buy back programme was put in place and 5.4% of the Group's shares were purchased for €139.9 million.

During the year, we completed the disposal of our Soft drinks division for €246.6 million. This sale cleared the way for us to concentrate our strategic focus on the higher margin alcohol drinks brands, notably Bulmers, Magners and Tullamore Dew.

Our brands are our most prized assets and in the year under review our portfolio of brands was fortified with a total marketing investment of €101.2 million. A major capital expansion programme for cider manufacture was concluded during the year, providing us with state of the art facilities as well as capacity to meet future needs.

Part of management's remit is to broaden the geographic appeal of cider drinking. In this regard, some positive pioneering work took place in Spain and Germany and valuable learnings were achieved for future action.

## Dividend

It is proposed that we pay a final dividend of 15 cent per share, subject to shareholder approval. If approved, this will bring the Group's full year dividend to 27 cent per share, the same as last year. A scrip dividend alternative will also be available.



### Alcohol Misuse

Alcohol misuse continues to be a major social issue in Ireland and other jurisdictions despite concerted efforts by all interested stakeholders. We continuously promote sensible drinking in our consumer communications and through our industry representative bodies, MEAS and the Alcohol Beverage Federation of Ireland. I share the belief that a united and shared approach by all stakeholders involved in this issue offers the best long-term solution.

### Board of Directors

We have a very dedicated and competent Board of Directors who bring a mix of expertise and independent judgement to the Board table. I wish to express my appreciation for their wholehearted support and wise counsel during the past year.

Brendan Mc Guinness retired from the Board on 1 May last, after thirty-seven years with the Group. His contribution to the success and achievements of C&C was exceptional. Specifically, he transformed cider in Ireland into being a respected, premium and growth category. More recently in Great Britain, he brought about a renaissance in the cider category, creating in a short timeframe a premium power brand, Magners. I thank him and wish him well in his retirement.

James Muldowney retires from the Board in July after nearly seven years with the Group. He was the lead player and a major contributor to the design of our overall strategy and direction. His sharp mind and astute judgement will be missed. I wish James every success in the next phase of his career.

John Holberry joined the Group on 18 March last as Managing Director of Magners Great Britain. He was co-opted to the Board on the same day as an Executive Director. He was previously with Coors Brewers Limited, an established industry player his vast experience will be of great benefit to us.

As provided in the company's Articles of Association, John Holberry is proposed for election at the Annual General Meeting on 11 July 2008. Also in accordance with the Company's Articles of Association and the Combined Code on Corporate Governance, each year at the AGM at least one third of the Directors retire from the Board and submit for re-election at the forthcoming AGM. This year John Burgess, John Hogan, and Philip Lynch will retire from the Board and seek re-election at the Annual General Meeting.

I can confirm that I have conducted a formal evaluation of the performances of all Directors and each of them continues to perform effectively and to demonstrate a high level of commitment to the role. I therefore strongly recommend the re-election of the above Directors.

### People

Regrettably, the downturn in trading caused us to embark on a redundancy and re-organisation programme which resulted in job losses. This down-sizing was a necessary response to re-shape our cost base to reflect the lower level of activity. I wish to record the Board's appreciation to our Group CEO, Maurice Pratt, and all our employees for their co-operation and loyalty during this testing year.

### Strategy and Outlook

The essence of our strategy for 2008/09 is to exploit the opportunities for Magners in Great Britain through significant investment in consumer media advertising: increased emphasis on trade marketing; and enhanced brand presence through widening distribution. Also, we plan to maintain our outperformance in the Irish LAD market and we will continue with our test marketing initiatives in Europe to broaden the brand's geographic reach and to achieve greater internationalisation of Magners. On the assumption of average summer weather, coupled with the benefits of the rationalisation plan and a series of marketing initiatives, we anticipate a return to growth in 2008/09.

Tony O'Brien  
Chairman

strong  
focus