

UNIQ

the European chilled foods group

Preliminary Results

Year Ended 31st March 2006



UNIQ

the European chilled foods group

Geoff Eaton
Chief Executive



OVERVIEW



- H2 in line with expectations
- Recovery plans progressing
- Leadership team strengthened further
- New bank financing secured
- Final Dividend maintained
- More focused strategy announced

...unlocking the potential in Uniq



MORE FOCUSED STRATEGY



- Concentrate efforts on the businesses with potential for adding most value
- Focus on recovery in UK, Netherlands, Germany and Poland
- Build on strengths of Marie convenience brand in France
- Explore the sale of French Spreads and Belgian salads
 - £98m of group sales (12%)
- Create a strong balance sheet to support growth plans
- Match the IAS19 UK pensions deficit with Sterling cash

...adding value for shareholders



TRANSFORMING YOUR INVESTMENT



Today

- Recovery upside
 - UK
 - NE
- Stable SE
- Rising bank borrowings
- Pension risk



Moving to:

- Recovery upside
 - UK
 - NE
- Building competitiveness
 - Marie
- Crystallising value
 - French spreads
 - Belgian salads
- Strong balance sheet
- Mitigate pension risk

...We have the management to deliver



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Martin Beer
Finance Director



FINANCIAL SUMMARY

Year ended 31 March 2006



£m	2006	2005
Turnover	825.1	879.0
UK	(11.6)	(5.5)
Northern Europe	(0.1)	9.0
Southern Europe	25.2	24.8
Operating profit*	13.5	28.3
Profit before tax*	4.6	22.6
Significant Items	(30.6)	(86.2)

- Sales down 6%, underlying sales down 2%
- Second half operating profit of £13.3m
- Result slightly ahead of expectations due to £1.7m adjustment relating to Wincanton contract

*Before significant items



SIGNIFICANT ITEMS

Year ended 31st March 2006



£m	Cash	Non-Cash	Total
Wincanton onerous contract	-	12.0	12.0
'Fit for Purpose' costs	12.8	6.0	18.8
Impairment Spain	-	6.4	6.4
Supply Chain restructuring	(0.2)	(5.4)	(5.6)
Other	(1.0)	-	(1.0)
Total	11.6	19.0	30.6

- Wincanton onerous contract provision recognises elements not appropriate to devolved organisation
- 'Fit for Purpose' cash cost:
 - cash cost UK £8.0m, Northern Europe £3.0m, Southern Europe £1.8m
 - cash flow in H1 06/07 £6m
- Spain allows for write down and loss to November 2006
- Supply chain write back relates mainly to decision to keep Evercreech open



UK 'FIT FOR PURPOSE'

Year ended 31 March 2006



	Interim	Final
Savings	£5.0m	£9.2m
Costs	£2.0m	£8.0m
Heads	75	177

- The savings and costs were underestimated at the interims



OPERATING PROFIT H1/H2

Year ended 31 March 2006



£m	H1	H2	Mov. v last year	
	2006	2006	H1	H2
UK –Exc. Minsterley	(2.9)	3.2	(3.0)	5.4
Minsterley	(6.7)	(5.2)	(5.4)	(3.1)
UK	(9.6)	(2.0)	(8.4)	2.3
Northern Europe	0.8	(0.9)	(3.8)	(5.3)
Southern Europe	9.0	16.2	(0.7)	1.1
Operating profit*	0.2	13.3	(12.9)	(1.9)

*Before significant items



UNITED KINGDOM

Year ended 31 March 2006



£m	REVENUE		Mov. %		
	2006	2005	FY	H1	H2
Minsterley, Evercreech, Paignton	168	163	+3	+8	NIL
Northampton	86	81	+6	+2	+10
Pinneys	48	49	-2	-4	NIL
Smedleys	20	32	-38	-40	-38
TOTAL REVENUE	322	325	-1	-1	-1

- Northampton continues to benefit from strong customer relationship
- H2 shows evidence of improvement in Pinneys
- £13m loss of salads contracts at Smedleys (primarily Sainsbury's) in March 2005



UNITED KINGDOM

Year ended 31 March 2006



FINANCIAL RESULTS

£m		2006	2005
Operating profit*	excl. Minsterley	0.3	(2.1)
	Minsterley	(11.9)	(3.4)
Total UK*		(11.6)	(5.5)

- Minsterley business in recovery
- Actions taken to improve UK
 - price increase £10m impacting 06/07
 - cost reduction £9m

*Before significant items



NORTHERN EUROPE

Year ended 31 March 2006



£m	REVENUE		
	2006	2005	Mov. %
Belgium	35	31	+13
Germany/Poland	149	160	-7
Netherlands	44	49	-10
Sandwiches	12	11	+9
Ongoing business	240	251	-4
Nordic	10	30	
TOTAL REVENUE	250	281	

- Belgium underlying growth 2% plus excellent integration of Subliem
- Rest of Northern Europe impacted by lack of focus on local markets



NORTHERN EUROPE

Year ended 31 March 2006



FINANCIAL RESULTS

£m		2006	2005
Operating profit*	Ongoing	0.2	8.2
	Pension credit	-	1.6
	Nordic	(0.3)	(0.8)
Total Northern Europe*		(0.1)	9.0
Marketing spend		1.0	1.6
Operating margin (ongoing)		NIL%	3%

- Difficult trading conditions in Germany
- Fish project delayed

*Before significant items



SOUTHERN EUROPE

Year ended 31 March 2006



REVENUE

£m	2006	2005	Mov. %
Spreads	63	61	+3
Convenience	182	185	-2
France core business	245	246	-1
Yoghurts	-	9	N/A
Spain	8	18	-56
TOTAL REVENUE	253	273	-7

- Spreads share up to 32%
- Yoghurt exited
- Chilled sales up 3% and share growth to 19%
- Frozen sales down 9% and share down 2% to 13%
- Spain impacted by fire in May 2005, options under review



SOUTHERN EUROPE

Year ended 31 March 2006



FINANCIAL RESULTS

£m	2006	2005
Operating profit*	25.2	24.8
Marketing spend	6.8	8.1
Operating margin	10%	9%

- Marketing spend will return to normal levels in 06/07

*Before significant items



INTEREST AND TAX

- Cash interest of £4.5m up £1.1m on last year
- P&L interest impacted by IAS
- UK trading losses carried forward of £100 million
- Next year's effective tax rate (before significant items) impacted by pace of recovery in UK
- Cash tax rate in UK effectively nil

CASH FLOW

£m	2006	2005
Operating profit	13.5	28.3
Interest	(4.5)	(3.4)
Depreciation & amortisation	24.4	26.6
Capital expenditure	(40.6)	(31.3)
Working capital	(2.8)	3.1
Tax	(10.0)	0.4
Dividends	(8.0)	(7.8)
Other	(0.2)	0.6
Underlying cash flow	(28.2)	16.5

- Capex includes £15.0m for Minsterley
- Minsterley loss £11.9m

CASH FLOW



£m	2006	2005
Underlying cash flow	(28.2)	16.5
Wincanton	(6.6)	(6.1)
Other significant items	(14.9)	(8.1)
Fixed asset disposals	13.8	11.3
Pension	(16.4)	(10.6)
Acquisitions and disposals	6.6	(19.3)
Cash flow	(45.7)	(16.3)

- Wincanton cash flow of £6.6m in 05/06 rising to £8.4m for 06/07 to 08/09
- Current special pension contributions of £15m



GROSS PENSIONS LIABILITY



£m	UK Main	Other	Total
Liability at March 2005	(117.6)	(24.3)	(141.9)
Change in assumptions	(66.1)	(5.3)	(71.4)
Change in investment returns	74.9	1.0	75.9
Special contributions	15.0	-	15.0
Other	(3.6)	0.9	(2.7)
Liability at March 2006	(97.4)	(27.7)	(125.1)

- Discount rate changed from 5.5% in 04/05 to 5.1% in 05/06
- Discount rate varies liability by £11m for each 0.1% change
- 1% change in FTSE equals £3m asset value



BALANCE SHEET



£m	March 06	March 05
Net assets	274.7	277.5
Gross pension liability	(125.1)	(141.9)
Net debt	(74.5)	(28.8)
Capital and reserves	<u>75.1</u>	<u>106.8</u>
Net Debt Gearing %	99%	27%



BANK REFINANCING

- New facility agreed at £160m to March 2008
- Margin increased by 1.2% from average on this year
- Expect significant reduction in bank borrowings during year from disposals
- “Ring fence” Sterling cash equivalent to IAS19 deficit for UK pension fund out of disposal proceeds
- Remain ring fenced pending agreement of scheme specific funding plan (by June 2007)

EARNINGS PER SHARE



Pence per share	2006	2005
Basic loss	(22.5)p	(67.8)p
Adjusted (loss)/earnings*	(0.2)p	15.0p
Dividend		
- Interim	2.5p	2.5p
- Final	4.5p	4.5p
	7.0p	7.0p

*Before significant items, exchange gains and losses on non permanent inter company loans and prior year tax items



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Geoff Eaton
Chief Executive



RECAP ON ACTIONS SO FAR



UK

- Appointed Rick
- Decentralised to 6 BUs
 - Entrepreneurial
 - Innovative
 - Profit accountable
 - Customer focused
- Evercreech
- Minsterley recovery plan
- Strengthened management



NE

- Appointed Frans
- Decentralised
 - Country focus
 - Sales and mktg
- Focusing on recovery
 - Netherlands
 - Germany
 - Poland
- Selling Belgian salads



SE

- Maintained focus and progress
- Appointed Paolo
- Building Marie
 - Re-launch brand
 - Increase media investment
 - Reduce cost
- Crystallising value
 - French spreads

...a wave of change to unlock the potential in Uniq



MANAGEMENT TO DELIVER



- UK team well established and strengthening
 - Rick Turnbull and Howard Sims
 - Many new senior appointments keen to join the Uniq recovery
- Northern Europe team under Frans Rombouts
 - Polish team coming together
 - New experienced sales leadership for Germany
- New appointment to build Marie convenience foods in France
 - Paolo Schiratti from Bonduelle Group

...huge experience injected



EVIDENCE OF RECOVERY IN UK



- H2 v H1 comparison
- Price increases secured worth £10m in 06/07
- Impact of cost inflation
- £9m cost savings achieved
- Customer relations on a new level
 - New business wins
 - innovation success

...gathering pace



NORTHERN EUROPE INITIATIVES



- Strengthened management
- £3m annualised cost reduction - decentralisation
- New product and packaging launch
- Cost efficiencies
- Reinvigoration of brands and sales management

...expect second half pick up



THE BIG ISSUES

Minsterley

- £11.9m loss in 05/06
- Customers OK
- Service OK
- Labour improving
- Waste understood
- Accelerate pace

Wincanton

- Onerous contract
- Supply chain review
- £8m cash out flow pa
- Mitigating
- Ends 2009

Pensions

- Current deficit payment £15m pa
- Good Trustee relationship
- Exploring
 - Liability reduction
 - Managing investment risk
- Improving covenant quality
- Scheme specific funding by Jun 07
 - Ring fence cash

...tackling issues on multiple fronts

RECAP ON GROUP ACTIONS



- New financial control culture
- Strengthened head office resource
- Streamlining processes
- Tackling the legacy issues
- Strong project management to handle multiple initiatives
- New incentive schemes focused on growing profit and ROCE

...balancing the needs of all stakeholders



OUTLOOK



- Group results on improving trend from H2
- Potential for significant recovery in UK
- Northern Europe recovery plans in place but impact H2
- Southern Europe continues to perform well
- We have the management and the determination to deliver
- Our confidence is demonstrated by the held dividend

...unlocking the potential in Uniq



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Appendices

Year Ended 31st March 2006



INTEREST

	2006	2005
Cash Interest	(4.5)	(3.4)
Adjust: Discount on long term provisions	(0.9)	(0.7)
Discount on long term debtors	0.3	0.6
Net pension finance costs	(2.1)	(2.2)
Net foreign exchange losses	(1.7)	-
Interest in P&L A/C	<u>(8.9)</u>	<u>(5.7)</u>

- Long term provisions relate to the onerous element of the Wincanton contract
- Long term debtors relate to the disposal of the Wootton Bassett site

TAX

	2006	2005
Underlying trading	(6.3)	(5.6)
Prior year items	5.0	(10.4)
Significant items	1.7	2.6
Tax in P&L A/C	0.4	(13.4)

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