

AT A GLANCE

Who we are

Dairy Crest is the largest UK-owned dairy food company, processing and selling fresh milk and branded dairy products in the UK

Vision

- We are proud of our links to the countryside, our dairy heritage and the part they play in everyday life
- We want to earn the right to consumers' loyalty by providing healthy, enjoyable, convenient products
- We aim to meet consumers' needs and go where this takes us
- As we grow, we will look after our people and the communities where we work

Strategy

- To build market-leading positions in branded and added value markets
- To focus on cost reduction and efficiency improvements
- To improve quality of earnings and reduce risk
- To generate organic growth and to make acquisitions and disposals where they will generate value

Product groups

Spreads & butters



Dairy Crest produces some of the UK's leading spreads and butter brands. We focus on two key brands Clover and Country Life. We also manufacture and sell Frylight one calorie cooking spray.

Cheese & whey



Dairy Crest has the leading cheese brand in the UK, Cathedral City, and a world-class cheese supply chain. Cathedral City is made at our Davidstow creamery in Cornwall from milk supplied by local dairy farmers. The cheese is matured, cut and wrapped at our purpose-built facility in Nuneaton from where it is despatched to retailers. We also have a smaller cheese packing facility at Frome, Somerset which provides the business with additional flexibility. Whey, a by-product of cheese-making, is also produced at Davidstow and is currently dried and sold as whey powder.

Dairies

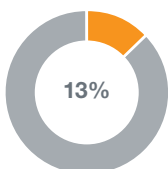


We process and deliver fresh conventional, organic and flavoured milk to major retailers, 'middle ground' customers including smaller retailers, coffee shops and hospitals, and residential customers. We also manufacture and sell FRijj, the leading fresh flavoured milk brand, cream and milk powders.

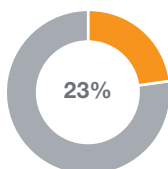
Contribution to Group

% of total Group
Revenue excludes other revenue. Profit is product group profit excluding associates

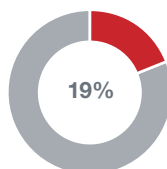
Spreads revenue



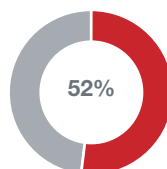
Spreads profit



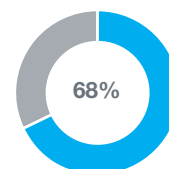
Cheese revenue



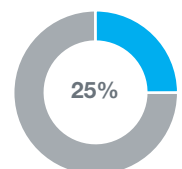
Cheese profit



Dairies revenue



Dairies profit



Highlights

- In a difficult butter and spreads market Clover grew volume but lost a little market share, Country Life spreadable grew and outperformed the market but sales of Country Life block butter declined
- The rationalisation of our spreads and butter manufacturing onto one well-invested site is nearing completion
- Frylight sales have grown strongly in the year
- Cathedral City continues to grow market share and is now Britain's 18th largest grocery brand (Source: The Grocer)
- Cathedral City brand extended outside of cheese for the first time with Baked Bites – Cathedral City biscuits
- On track to commence demineralised whey powder (a base ingredient for infant formula) production in 2015
- Increased profits from Dairies arising from strong property sales
- Cost savings delivered ahead of target
- FRijj capacity extended and new flavours and pack sizes successfully introduced

Markets

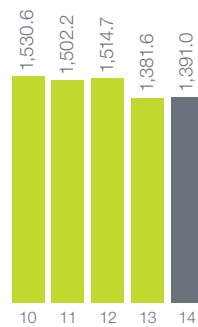
Dairy is now worth

£10.6bn

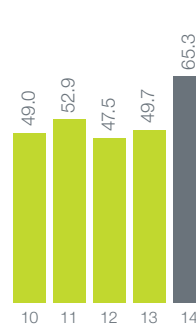
Source:
IRI 52 weeks ended
29 March 2014

Financial highlights

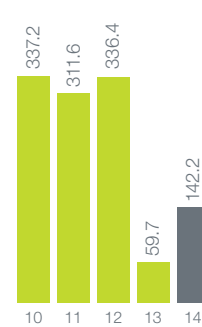
Revenue (£m)



Adjusted profit before tax* (£m)



Net debt (£m)



* Before exceptionals, amortisation of acquired intangibles and pension interest

Production sites

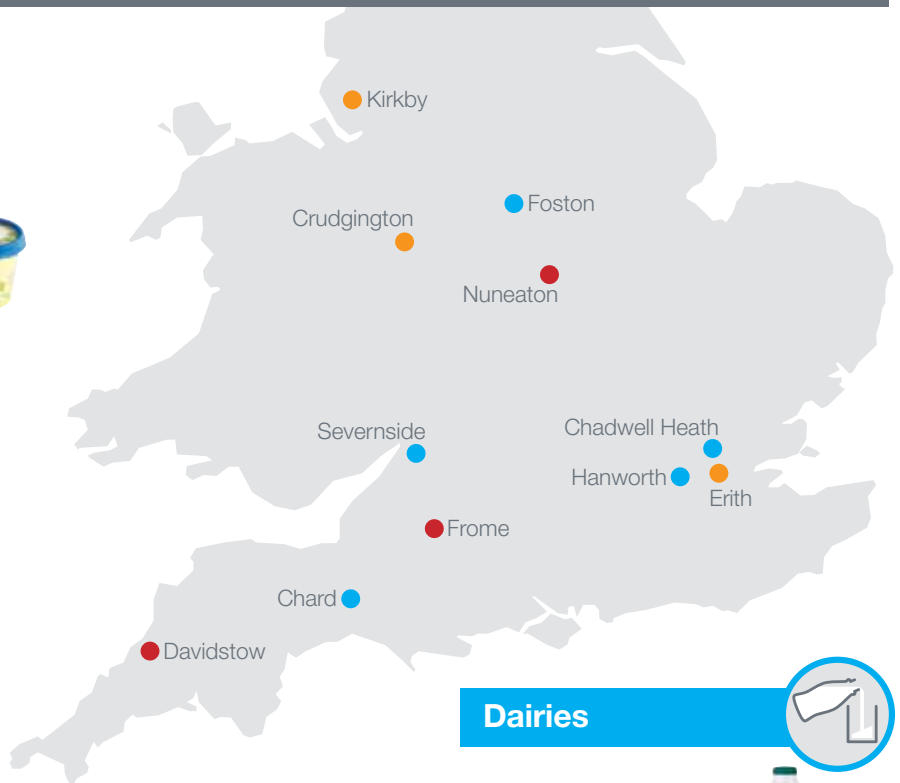
Spreads & butters



No1 UK
dairy spread



Frylight 1Cal



Cheese & whey



No1 UK
branded cheese



Dairies



Fresh milk
to retailers



Country Life milk



No1 ready
to drink
flavoured milk



Residential
delivery –
'milk&more'