NEWS RELEASE
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A world of
cheese and nutritional
ingredients

2009 Half yearly financial report

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ON TARGET TO ACHIEVE 2009 FULL YEAR EARNINGS GUIDANCE
DIFFICULT FIRST HALF AS EXPECTED

26 August 2009 - Glanbia plc ('Glanbia'), the international cheese and nutritional ingredients Group, announces its results for the half year ended 4 July 2009. The structure of this announcement reflects revised segmental reporting under the newly applicable accounting standard International Financial Reporting Standard ('IFRS') 8, 'Operating Segments'. Full details are contained on page 2 of this announcement.

2009 Half year results summary

	HY 2009	HY 2008	Change
Revenue[1]	€944.9 m	€1,106.2 m	**- 14.6 %**
Operating profit pre exceptional	€47.8 m	€56.5 m	**- 15.4 %**
Operating margin pre exceptional	5.1%	5.1%	**No change**
Net financing costs	(€12.5 m)	(€9.1 m)	**+ €3.4 m**
Share of results of joint ventures and associates[1]	€2.7 m	€5.6 m	**- €2.9m**
Profit before tax pre exceptional	€38.0 m	€53.1 m	**- 28.4 %**
Taxation pre exceptional	(€7.4 m)	(€9.0 m)	**- €1.6 m**
Profit after tax pre exceptional	€30.6 m	€44.1 m	**- 30.6%**
Exceptional items[2]	-	(€2.3 m)	**See note**
Basic earnings per share	10.30 c	13.98 c	**- 26.3%**
Adjusted earnings per share[3]	12.35 c	15.74 c	**- 21.5%**
Dividend per share in respect of the half year	2.89 c	2.75 c	**Up 5%**
Net debt	€546.5 m	€296.3 m	**Up €250.2 m**

(1) Revenue including Glanbia's share of the revenue of joint ventures & associates was €1.1 billion for the first half of 2009, compared with €1.3 billion for the first half of 2008. Share of results of joint ventures & associates is an after interest and tax amount.

(2) The €2.3 million exceptional in the first half of 2008 is additional costs of €2.6 million associated with the disposal of the Group's Pigmeat business (announced in March 2008) and a related tax credit of €0.3 million. There were no exceptional items in the first half of 2009.

(3) Before exceptional items and amortisation of intangible assets.

John Moloney, Group Managing Director, said:

"A growing contribution from higher margin businesses and a strategic cost reduction programme have enabled us to counterbalance unprecedented market circumstances and deliver a reasonable set of results despite a very substantial first time loss in Irish Dairy Ingredients.

It has been, without doubt, a difficult six months. The sustained downturn in the global economy led to weakening consumer confidence. In addition, international dairy prices were sharply down on 2008 resulting in a dramatic reduction in dairy product returns and US cheese prices reached historic lows. The expected impact of these challenges led to a revision of earnings guidance for the full year. While we remain cautious in our outlook today, we expect the overall rate of decline to moderate in the second half. Earnings guidance for the full year is unchanged with full year adjusted earnings expected to be 30 to 32 cents per share.

We are pleased with the excellent operational performance throughout the Group and the success to date of a major cost saving programme and we remain confident in the businesses that are central to our growth strategy."

Overview

Segmental analysis

Previously the Group reported on the basis of three segments – Ireland, International and Joint Ventures & Associates. These half year results and future reporting reflect revised segmental analysis under the newly applicable accounting standard International Financial Reporting Standard ('IFRS') 8, 'Operating Segments'. On this basis Glanbia has determined that there are four operating segments: US Cheese & Global Nutritionals; Dairy Ireland (incorporating Dairy Ingredients, Consumer Products and Agribusiness); Joint Ventures & Associates; and Other (including Property, a small dairy operation in Mexico and Pigmeat, which was disposed of in March 2008). Prior half and full year numbers have been restated in accordance with this new segmental analysis.

Market commentary

In the first half of the year Glanbia's trading environment was impacted by the downturn in the global economy and consumer confidence. This resulted in a sharp decline in international dairy prices leading to a dramatic reduction in dairy product returns. In addition low US cheese prices were at historical lows despite stable US domestic demand.

Glanbia's growth strategy has been successful in developing a more diversified earnings base and building a portfolio of higher margin businesses thereby reducing earnings exposure to commodity dairy markets. This is supported throughout the Group by a very strong focus on operational excellence and cost management. As a result, while unprecedented market conditions have led to a loss of earnings momentum for the half and full year, many aspects of the Group delivered reasonable performances despite a very challenging trading environment.

Results summary

2009 half year results summary

	US Cheese & Global Nutritionals	Dairy Ireland	Other	Group total	Joint Ventures & Associates	Total (including joint ventures & associates)
Revenue (€m)*	401.5	540.5	2.9	**944.9**	148.0	**1,092.9**
Operating profit (€m)*	44.9	5.9	(3.0)	**47.8**	6.3	**54.1**
Operating margin (%)	11.2	1.1	-	**5.1**	4.3	**5.0**

** Reported Group revenue and operating profit excludes joint ventures & associates. Share of results of joint ventures & associates is reported as an after interest and tax amount in the condensed income statement.*

- Despite difficult market conditions the Group operating margin was maintained at 5.1%.
- The Group and Dairy Ireland segment results were severely impacted by a significant loss at Irish Dairy Ingredients. In the same segment Consumer Products achieved an improvement in operating profit and operating margin mainly as a result of the implementation of a major cost reduction programme while Agribusiness had a weaker performance given the decline in farm incomes in the first half.
- Margins for the US Cheese and Global Nutritionals segment grew 380 basis points to 11.2%, benefiting from the acquisition of Optimum Nutrition and the maintenance of margins in the underlying businesses. In particular, a good performance by Global Nutritionals more than offset the effect of historically low US cheese prices.
- The performance of Joint Ventures & Associates was lower despite a good result by Southwest Cheese in the context of lower market pricing and a particularly strong first half last year. Glanbia Cheese in the UK marginally disimproved as selling prices reduced at a faster pace than raw material costs. Nutricima was also down due to an inability to recover higher priced raw material costs in the market.
- A €100 million increase in financing facilities was finalised in the first half.
- The Group's pension deficit now amounts to €200.3 million. A strategic review of the funding deficit in the Group's Irish Pension Scheme is underway.
- The half year dividend is to be increased by 5% to 2.89 cents per share.

Principal risks and uncertainties affecting the second half performance

The management of risk is key to achieving Glanbia's strategic and financial objectives and there is an on-going process of assessing, managing, monitoring and reporting on the significant risks faced by individual Group companies and by the Group as a whole. The Board has the ultimate responsibility for risk management and the key areas of risk and the Group's mitigation processes are set out in detail in the 2008 Annual Report and on the Group's website at www.glanbia.com.

Glanbia has issued consistent guidance to the market with regard to the outlook for the full year 2009. These half year results document the impact on the Group's performance of:

- the downturn in the global economy and, as a consequence, weaker consumer confidence and demand;
- the sharp decline in international dairy prices and resulting dramatic reduction in dairy product returns; and
- historically low US cheese prices.

In the second half of the year, while there are some improving trends, any unanticipated deterioration in global economic prospects may further affect pricing and volatility in the global dairy market and US Cheese markets which could lead to short term weakening in the Group's performance.

2009 Group outlook

There is no change to the 2009 outlook and revised earnings guidance. As previously announced adjusted earnings per share guidance for 2009 is between 30 to 32 cents for the full year.

Finance review

Income statement

In the first half of 2009 the Group results were primarily impacted by the performance of Dairy Ingredients, which is included in the Dairy Ireland segment. This business, which is substantially exposed to international dairy commodity markets, became loss making in the first half of the year as the magnitude and pace of the decline in global dairy markets created an environment where milk price was maintained above market returns.

Group revenue declined 14.6% to €944.9 million (HY 2008: €1,106.2 million). Operating profit pre exceptional declined 15.4% to €47.8 million (HY 2008: €56.5 million). Operating margins were maintained at 5.1% (HY 2008: 5.1%). The highlight is the strong growth in margins in the US Cheese & Global Nutritionals business segment which increased by 380 basis points to 11.2%. Group operating margins were also supported by the benefits of recent cost saving and rationalisation programmes.

Net financing costs

Financing costs increased €3.4 million to €12.5 million (HY 2008: €9.1 million) due mainly to the financing cost associated with the acquisition of Optimum Nutrition. EBIT Interest cover was 3.8 times compared to 6.2 times in the first half of 2008. Earnings before interest, tax, depreciation and amortisation ('EBITDA') interest cover was 5.6 times compared to 8 times in the first half of 2008. The Group's average interest rate for the half year 2009 was 4.5% compared to 5.9% for half year 2008. Glanbia operates a policy of fixing a significant amount of its interest exposure with approximately 95% of the Group's net debt currently contracted at fixed interest rates for 2009 and approximately 70% contracted at fixed rates for 2010.

Joint Ventures & Associates

Glanbia's share of revenue from Joint Ventures & Associates declined 20.6% to €148.0 million (HY 2008: €186.4 million). Lower US cheese and whey markets impacted Southwest Cheese while lower market prices also reduced revenue in Glanbia Cheese. Glanbia's share of profits post interest and tax declined to €2.7 million (HY 2008: €5.6 million). Southwest Cheese delivered a good result in the first half albeit lower than a strong 2008. The performance of Glanbia Cheese in the UK declined marginally as selling prices reduced at a faster pace than raw material costs. Despite growing revenues the Nutricima result declined relative to the first half of 2008 due to the inability to recover in the market the cost of higher priced raw materials already in the supply chain.

Profit before tax pre exceptional

Profit before tax pre exceptional declined 28.4% to €38.0 million (HY 2008: €53.1 million).

Taxation charge
Taxation for the first half of 2009 amounted to a net charge of €7.4 million (HY 2008: €9.0 million) reflecting the reduced profitability of the Group in the period.

Exceptional items
There were no exceptional items in the first half of 2009. For the corresponding period last year there was a net exceptional amounting to €2.3 million.

Basic earnings per share
Basic earnings per share decreased 26.3% from 13.98 cents to 10.30 cents. Adjusted earnings per share decreased 21.5% to 12.35 cents (HY 2008: 15.74 cents).

Balance sheet and Cash flow
The Group's net debt increased by €94.4 million from €452.1 million at year end 2008 to €546.5 million at half year ended 4 July 2009. EBITDA inflows of €69.9 million were offset by the seasonal increase in the Group's working capital requirement of €96.5 million, capital expenditure of €34.1 million and other payments including dividends, interest and tax of €22.7 million.

Relative to half year 2008, net debt increased by €250.2 million to €546.5 million (HY 2008: €296.3 million), the primary driver of this increase was the acquisition of Optimum Nutrition in August 2008 for €217.9 million.

The Group has total debt facilities of €761.0 million with bank facilities of €697.5 million and €63.5 million cumulative redeemable preference shares. The Group increased its bank facilities by €100m during the first half with the average age to maturity of the Group's debt facilities now at 3.6 years.

The equity of the Group decreased €10.0 million in the first half from €227.9 million at year end 2008 to €217.9 million at the half year, as retained profits for the period were offset by adverse reserve movements in the Group's pension deficit. The Group pension deficit increased by €35.9 million from €164.4 million at year end 2008 to €200.3 million at the half year. The deficit on the Group's UK defined benefit schemes amounts to €28.5 million with the Irish schemes deficit amounting to €171.8 million. Within the schemes the deficit was adversely impacted in the half year by a lower return than expected on pension assets and a revision to the actuarial assumptions. A strategic review of the funding deficit on the Irish pension schemes is in progress.

Dividends
The Board is recommending an interim dividend of 2.89 cents per share (HY 2008: 2.75 cents per share), an increase of 5%. Dividends will be paid on Wednesday 30 September 2009 to shareholders on the register of members as at Friday 11 September 2009. Irish withholding tax will be deducted at the standard rate where appropriate.

Operations review

US Cheese & Global Nutritionals

2009 half year results summary

	HY 2009	HY 2008	Change
Revenue	€401.5 m	€394.8 m	**Up 1.7%**
Operating profit pre exceptional	€44.9 m	€29.4 m	**Up 52.7%**
Operating margin pre exceptional	11.2%	7.4%	**Up 380 bps**

In the first half of the year overall demand in the US Cheese & Global Nutritionals business segment remained robust. A decline in revenue, driven by lower market pricing for cheese and certain nutritional products, was offset by the acquisition of Optimum Nutrition which further improved the Global Nutritionals mix of businesses.

US Cheese delivered a good performance in a volatile market environment with cheese prices at historical lows. While demand for cheese was resilient and operating margins were stable, operating profit declined due to lower market pricing relative to a strong 2008.

Global Nutritionals was to a lesser extent impacted by lower global dairy markets and continued to deliver good organic growth through innovation and new product development. The Group is pleased with the performance of Optimum Nutrition with demand and growth remaining positive across all areas of the business. Operating profit and operating margin for the Global Nutritional business unit increased.

2009 Full year outlook
The US cheese market is forecast to remain relatively low for the second half of 2009. US milk production is expected to continue to contract in response to the current low milk price and as a result some rise in market prices is expected over the medium term. However, average 2009 prices are likely to remain significantly below 2008 levels. While demand remains robust a full year decline in revenue and operating profit is expected as a consequence of significantly lower cheese markets throughout this year. US Cheese operations continue to deliver an excellent cost and operational performance.

In Global Nutritionals organic growth is expected to be solid and key growth segments are forecast to deliver a good performance in the second half.

For 2009, while revenues are forecast to be behind year-on-year for US Cheese & Global Nutritionals, this segment is expected to deliver a marginally improved operating profit and operating margin.

Dairy Ireland

2009 half year results summary

	HY 2009	HY 2008	Change
Revenue	€540.5 m	€672.3 m	**Down 19.6%**
Operating profit pre exceptional	€5.9 m	€25.7 m	**Down 77%**
Operating margin pre exceptional	1.1%	3.8%	**Down 270 bps**

The performance of Dairy Ireland declined sharply due to a very significant loss in Dairy Ingredients. This business exports substantially all of its output and is therefore significantly impacted by trends in global dairy markets. Relative to the first half of 2008 global dairy markets declined sharply resulting in a significant decline in the performance of this business. Despite a reduction in the milk price paid to suppliers in the first half of the year the pace and scale of market changes were such that the full extent of market declines were not fully reflected in milk cost. The decision to support milk price in this manner was made in the interest of helping to maintain the Group’s Irish dairy supply and trading base in very challenging circumstances for farming. As a result the performance of Dairy Ireland was significantly reduced.

Consumer Products had a challenging first half. Weaker consumer confidence, growing value consciousness and an increase in sterling based imports created an extremely competitive food retailing environment in Ireland. These factors’ together with selected price reductions, which were implemented to remain competitive and defend market positions resulted in a decline in Consumer Products revenue in the first half. An improvement in operating profit and operating margin was achieved mainly through the implementation of a major cost reduction programme.

The effect of the decline in global dairy markets has had serious implications for farm incomes and this impacted Glanbia’s farm supply and trading base. Consequently revenue, operating profit and operating margin from the sale of farm inputs by Agribusiness were lower as expected in the first half. This business continues to restructure and reduce its cost base.

2009 Outlook
In the second half of 2009 some seasonal uplift in global dairy markets is expected. This combined with an improved product mix and aggressive cost management is expected to result in a small loss in Irish Dairy Ingredients in the second half. However for the full year this business will remain significantly loss making. Revenues in the second half of the year are forecast to decline in Consumer Products and Agribusiness albeit at a slower pace than in the first half. Overall operating profit and operating margin for Dairy Ireland will be significantly lower than 2008, as expected.

Joint Ventures & Associates

2009 half year results summary

	HY 2009	HY 2008	Change
Revenue(1)	€148.0 m	€186.4 m	**Down 20.6%**
Operating profit pre exceptional(1)	€6.3 m	€12.1 m	**Down 47.9%**
Operating margin pre exceptional(1)	4.3%	6.5%	**Down 220 bps**
Profit after interest and tax(2)	€2.7 m	€5.6 m	**Down €2.9 m**

(1) Not included in reported results. (2) Included in the income statement as share of results of joint ventures and associates

The decline in the performance of the Group's Joint Ventures & Associates was driven by a reduction in the performance of Southwest Cheese in the USA relative to a strong first half in 2008. While volumes were solid in Southwest Cheese in the first half, revenue and profits were negatively affected by lower market prices. Nutricima in Nigeria delivered good top line growth but profits and margins were negatively affected as product produced from high priced raw materials moved through the supply chain. The performance of Glanbia Cheese in the UK was marginally lower than 2008 as the rate of decline in sales prices outpaced milk input cost reductions.

2009 Outlook
Southwest Cheese is expected to deliver a full year result broadly in line with 2008 as cheese markets are forecast to slowly improve in the second half of the year. The planned 33% expansion in production capacity is well underway and is forecast to be commissioned in the second quarter of 2010. Nutricima is expected to deliver a positive performance for the full year aided by a first time contribution from a new plant producing UHT milk and ready to drink products, tight cost management and improved input costs. The performance of Glanbia Cheese is expected to be marginally lower than 2008 for the full year. Overall profits for Joint Ventures & Associates are expected to be broadly similar to 2008 and margins are forecast to improve somewhat.

Other

2009 half year results summary

	HY 2009	HY 2008	Change
Revenue	€2.9 m	€39.1 m	**Down €36.2 m**
Operating profit pre exceptional	(€3.0 m)	€1.4 m	**Down €4.4 m**

This segment includes Property, a small dairy operation in Mexico and the Pigmeat business which was disposed in March 2008. In the first half, an absence of property transactions and a loss at the Mexican operation due to low global dairy markets led to a poor performance. The decline in revenue is attributed to the disposal of the Pigmeat business. The full year outcome is expected to be broadly similar to the half year result and a review of this segment is being undertaken in the second half of 2009.

Responsibility statement

The Directors are responsible for preparing the Half Yearly Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and with IAS 34, Interim Financial Reporting as adopted by the European Union.

The Directors confirm that, to the best of their knowledge:

- The Group Condensed Financial Statements for the half year ended 4 July 2009 have been prepared in accordance with the international accounting standard applicable to interim financial reporting adopted pursuant to the procedure provided for under Article 6 of the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

- The Half Yearly Financial Report includes a fair review of the important events that have occurred during the first six months of the financial year, and their impact on the Group Condensed Financial Statements for the half year ended 4 July 2009, and a description of the principal risks and uncertainties for the remaining six months;

- The Half Yearly Financial Report includes a fair review of related party transactions that have occurred during the first six months of the current financial year that have materially affected the financial position or the performance of the Group during that period and any changes in the related parties transactions described in the last Annual Report that could have a material effect on the financial position or the performance of the Group.

On behalf of the Board

John Moloney
Group Managing Director

Siobhan Talbot
Group Finance Director

25 August 2009