# C&C Group posts 17% profit rise amid leadership shake-up and tech delays



The recent performance of C&C Group, renowned for its Tennent's Lager and other beverage brands, presents a complex picture of resilience amid significant internal and external challenges. Following a tumultuous period marked by leadership changes and dwindling shareholder confidence, the company appears to be stabilising its operations. The latest financial results demonstrate a turnaround, with operating profits surging by 17.1% to €77.1 million for the year ending February 28, despite the broader pressures facing the hospitality sector. This positive outcome was communicated by chief executive Roger White, who assumed his role amid uncertainty and had previously issued a profit warning shortly after his appointment.

The leadership shake-ups at C&C were spurred by internal dysfunction, which necessitated the return of Ralph Findlay, the former chairman, to steer the company through its operational difficulties. This cautious optimism appears well-founded; while White acknowledged the firm is not yet fully resolved of its issues, he expressed belief that the worst may be behind them. He conveyed a tentative confidence about the recovery of their wholesaling arm, Matthew Clark Bibendum, which is gradually reclaiming lost customer trust.

However, external factors remain daunting. The trading landscape is challenging, particularly for the hospitality industry. White pointed out significant cost pressures affecting bars and restaurants, reflecting a broader economic strain that leaves many consumers struggling to manage their financial situations. Thus, while C&C's stock has stabilised somewhat, it is still navigating a stormy market environment.

Further complicating its prospects, C&C reported a 43% decline in operating profit for the six months ending August 31, 2023, partly due to delays in rolling out a new technology system that has hampered price increases and incurred additional costs. Despite this, the company has seen growth in its branded segment, where operating profits rose 4.6%. This resilience is crucial as C&C plans to return up to €150 million to shareholders over the next three fiscal years, indicating a commitment to shareholder value despite previous turbulence.

The company’s revenue trajectory remains complex. While there was an 18.4% increase in net revenue to €1.69 billion for the fiscal year ending February 28, 2023, factors such as decreasing consumer demand amid a high-inflation environment and operational disruptions linked to technology upgrades illustrate the dual pressures facing the business. The distribution sector, particularly Matthew Clark and Bibendum, has shown slight improvement with a 2% increase in net revenue, hinting at a gradual recovery.

As the market evolves, C&C Group has reiterated its commitment to achieving an operating profit of €100 million in the medium term, indicating a mix of cautious optimism for its prospects. While the company’s core brands such as Bulmers and Tennent's continue to hold significant market shares, the overall landscape remains fraught with unpredictable economic pressures that will require nimble management strategies and a sustained focus on operational efficiencies.

For C&C Group, the journey forward represents both a challenge and an opportunity. The stability attained from recent leadership changes and the hint of operational recovery might set the stage for the company to reclaim its footing in a market that is as volatile as it is vital.

## Reference Map:

* Paragraph 1 – [[1]](https://www.heraldscotland.com/news/25197145.tennents-lager-steadies-ship-turbulent-period/?ref=rss), [[4]](https://www.esmmagazine.com/drinks/cc-group-reports-revenue-growth-despite-challenging-trading-environment-241134)
* Paragraph 2 – [[2]](https://www.irishtimes.com/business/2023/10/26/cc-says-revenue-stable-but-delayed-tech-roll-out-hits-operating-profit/), [[5]](https://www.lse.co.uk/news/cc-group-fy-profits-rise-dividend-reinstated-cjsgofz0dvvnthr.html)
* Paragraph 3 – [[3]](https://www.drinksindustryireland.ie/cc-group-reports-steady-results-amidst-challenging-market-conditions/), [[6]](https://businessplus.ie/news/cc-group-operating-profit-75pc/)
* Paragraph 4 – [[2]](https://www.irishtimes.com/business/2023/10/26/cc-says-revenue-stable-but-delayed-tech-roll-out-hits-operating-profit/), [[3]](https://www.drinksindustryireland.ie/cc-group-reports-steady-results-amidst-challenging-market-conditions/)
* Paragraph 5 – [[5]](https://www.lse.co.uk/news/cc-group-fy-profits-rise-dividend-reinstated-cjsgofz0dvvnthr.html), [[7]](https://www.esmmagazine.com/drinks/cc-group-reiterates-medium-term-operating-profit-outlook-284378)

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## Bibliography

1. <https://www.heraldscotland.com/news/25197145.tennents-lager-steadies-ship-turbulent-period/?ref=rss> - Please view link - unable to able to access data
2. <https://www.irishtimes.com/business/2023/10/26/cc-says-revenue-stable-but-delayed-tech-roll-out-hits-operating-profit/> - C&C Group reported stable net revenue but a 43% decline in operating profit for the six months ending August 31, 2023. The decline was attributed to delays in implementing a new technology system, which disrupted price increases and led to additional costs. Despite this, the company saw growth in its branded business, with operating profit rising 4.6% and margins at 14.5%. The distribution business in Britain broke even, and the company plans to return up to €150 million to shareholders over the next three fiscal years.
3. <https://www.drinksindustryireland.ie/cc-group-reports-steady-results-amidst-challenging-market-conditions/> - C&C Group announced results for the six months ending August 31, 2024, reporting a marginal net revenue decline of 3%. This was due to the sale of its non-core soft drinks business in Ireland and lower contract brewing volumes in Great Britain. However, the distribution business, Matthew Clark and Bibendum, saw a 2% increase in net revenue, indicating signs of customer recovery. The company achieved a 29% rise in underlying operating profit, reaching €40.3 million, with operating margins improving to 4.7%.
4. <https://www.esmmagazine.com/drinks/cc-group-reports-revenue-growth-despite-challenging-trading-environment-241134> - C&C Group reported an 18.4% increase in net revenue, reaching €1.69 billion for the year ending February 28, 2023. The operating profit rose by 75.6% to €84.1 million, delivering an operating profit margin of 5.0%. Despite these gains, the company faced challenges in the second half of the year, including weakened consumer demand due to cost of living pressures, strikes in the UK, and disruptions from implementing a new Enterprise Resource Planning (ERP) system in its Great Britain distribution businesses.
5. <https://www.lse.co.uk/news/cc-group-fy-profits-rise-dividend-reinstated-cjsgofz0dvvnthr.html> - C&C Group, owner of brands like Bulmers and Magners, reported a 75.6% increase in operating profit to €84.1 million for the year ending February 28, 2023. Revenue increased by 18.4% to €1.7 billion, driven by higher volumes and prices. Despite challenges such as a high-inflation environment and strikes in the UK, the company's core brands, Bulmers and Tennent's, showed resilience, maintaining clear market-leading positions. As a result, the company reinstated its dividend, marking the first since 2019.
6. <https://businessplus.ie/news/cc-group-operating-profit-75pc/> - C&C Group reported a 75% annual increase in operating profit for its 2023 financial year, reaching €84.1 million, with an improved operating margin of 5%. Revenue rose by 18.4% year-on-year to €1.69 billion, driven by sales volume growth of 4.2% and price/mix growth of 14.2%. Despite challenges such as a high-inflation environment and strikes in the UK, the company's core brands, Bulmers and Tennent's, improved market share, and the beer portfolio delivered volume growth of 44% in the on-trade.
7. <https://www.esmmagazine.com/drinks/cc-group-reiterates-medium-term-operating-profit-outlook-284378> - C&C Group reiterated its objective to deliver an operating profit of €100 million over the medium term in its latest trading update. The company noted that group revenue for its financial year ending February 28 is expected to be in line with the previous year. This performance reflects growth in its distribution business, offset by the disposal of the non-core soft drinks business in Ireland, the strategic exit of low-margin contract brewing volume, and softer cider sales in Great Britain during the summer trading period.