

# Institutional Investor & Analyst Market Visit

Jacksonville, September 25, 2014

greencore  
group



# Introduction and Overview



# OBJECTIVES FOR TODAY



- Describe evolution of our business since 2011
- Set out the strategy and performance drivers of our business
- Deep-dive into our two specialist Food to Go businesses – representing over half of run-rate revenue
- Report against Group financial targets and outline key elements of our financial strategy going forward
- Provide you with an opportunity to meet key members of our senior leadership team

# AGENDA



08.00 – 10.30	Presentations on Group Strategy including the UK & US Food to Go businesses	Patrick Coveney Alan Williams Chris Kirke Liam McClennon
10.30 – 12.00	Store visits and transfer to Jacksonville facility	Chris Calitri Stephen Young
12.00 – 14.30	Facility visit, lunch and product tasting	Liam McClennon Andrew Hearn
14.30 – 15.00	Transfers to Jacksonville Airport	All

- 1 Refinement of our strategy**
- 2 Strengthening of our organisation**
- 3 Sustained delivery against our financial metrics**



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# WE HAVE REFINED OUR STRATEGY TO FOCUS ON DEEPENING OUR LEADERSHIP IN FOOD TO GO IN THE UK AND US



## Where we were in 2011

- A focused growing convenience food business
- Strong UK business with good organic growth momentum and market leading positions in food to go, prepared meals and cooking sauces
- An emerging US business with two sites seeking to strategically position in the FTG/convenience channel
- Strong relationships with our key customers, with a focus on supplying quality products
- Seeking to further expand largely through M&A
- Focused on delivering the Uniq integration benefits to transform revenue, profitability and cash generation



## Where we are now

- A refined strategy focused on deepening leadership in Food to Go
- UK business which continues to perform strongly with robust market positions and continued organic growth
- Scaled up US business with seven sites, focused on the FTG/convenience channel with two key national customers
- Deep, longer term, strategic partnerships with customers in both the UK and US
- Focus on capturing opportunities through organic initiatives, complemented by selective M&A
- Uniq integrated seamlessly with continued growth, such as the expansion in Northampton

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## THIS REFINED STRATEGY IS UNDERPINNED BY SPECIFIC CATEGORY, GEOGRAPHIC AND CHANNEL CHOICES



- Deepen food to go leadership – in share, growth capability and economic delivery
- Supplement food to go proposition with complementary, market leading positions in other categories
- Build distinctive, enduring customer partnerships and commit solely to 'customer brands'
- Relentlessly focus on great food, cost efficiency and business effectiveness
- Win in the UK and US markets now and begin to identify prospective market opportunities in selected other high growth food to go markets in the years ahead

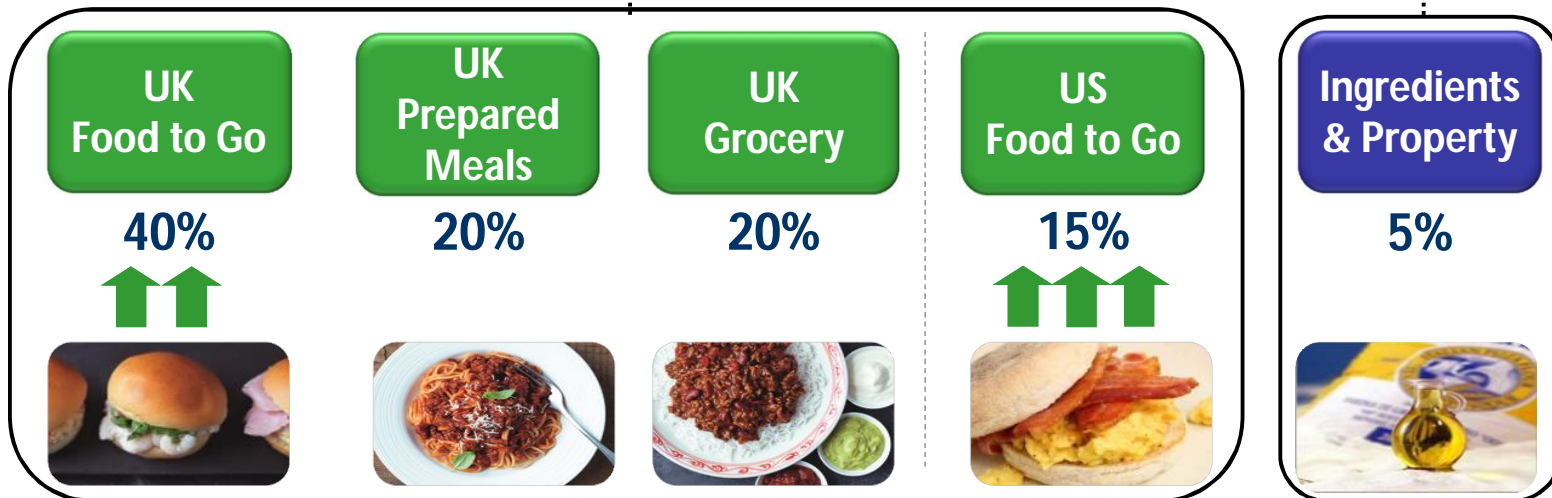
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# STRATEGIC DELIVERY HAS CREATED A FOCUSED, GROWING FOOD TO GO LEADER



- FY13 Group revenue of £1.2bn
- FY14 YTD LFL Convenience Foods growth of 9.3%

c. % of run rate revenue\*



## Food to Go long term focus driven by ...

- Consumer and customer trends
- Attractive economic model
- Our capability and market position
- Future growth prospects

\* Category shares rounded to the nearest 5%



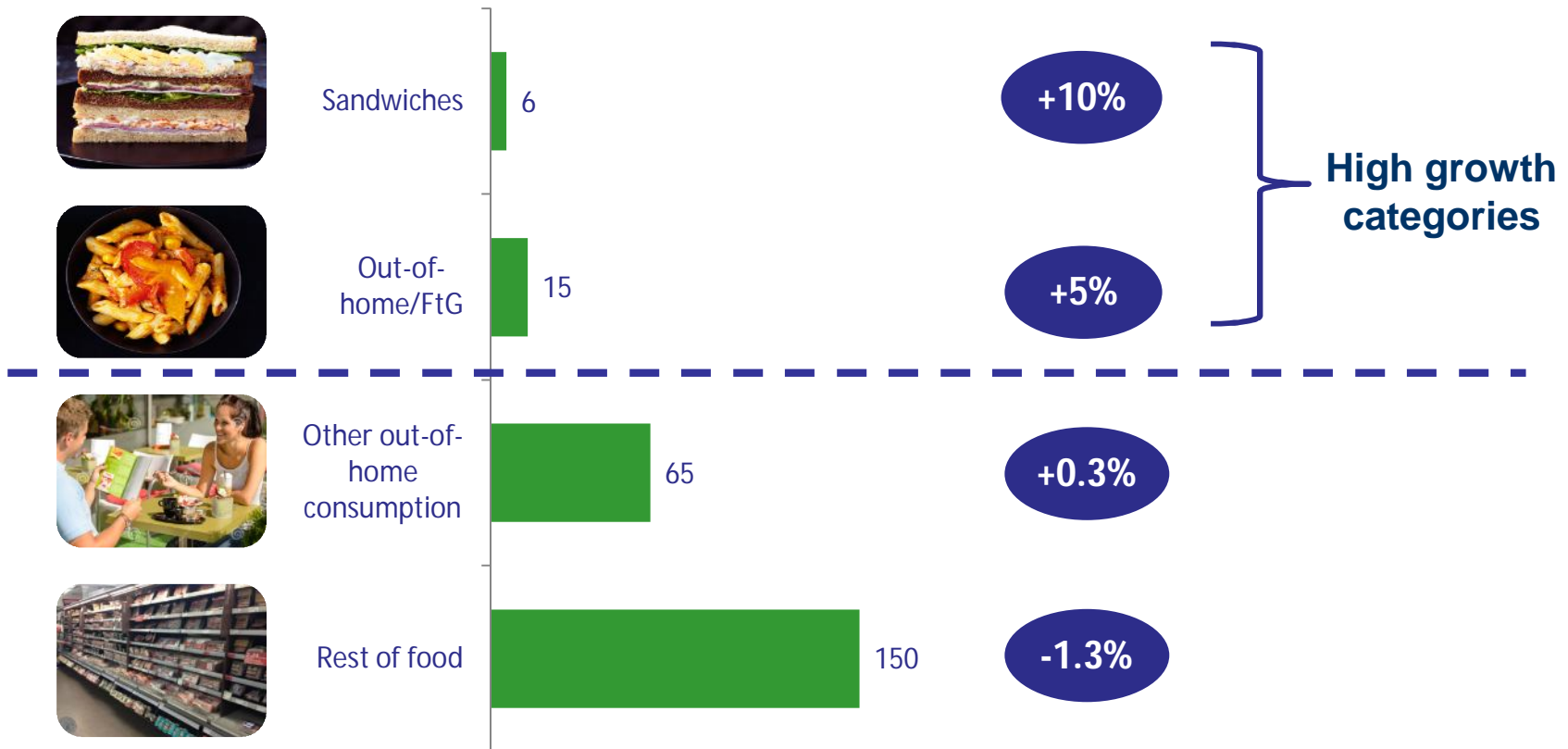
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# OUR UK BUSINESS IS FOCUSED ON THE HIGHEST GROWTH CATEGORIES WITHIN FOOD



Estimated market size (excluding beverages), £bn

Estimated market growth 2013



Source: Allegra, Kantar, ONS

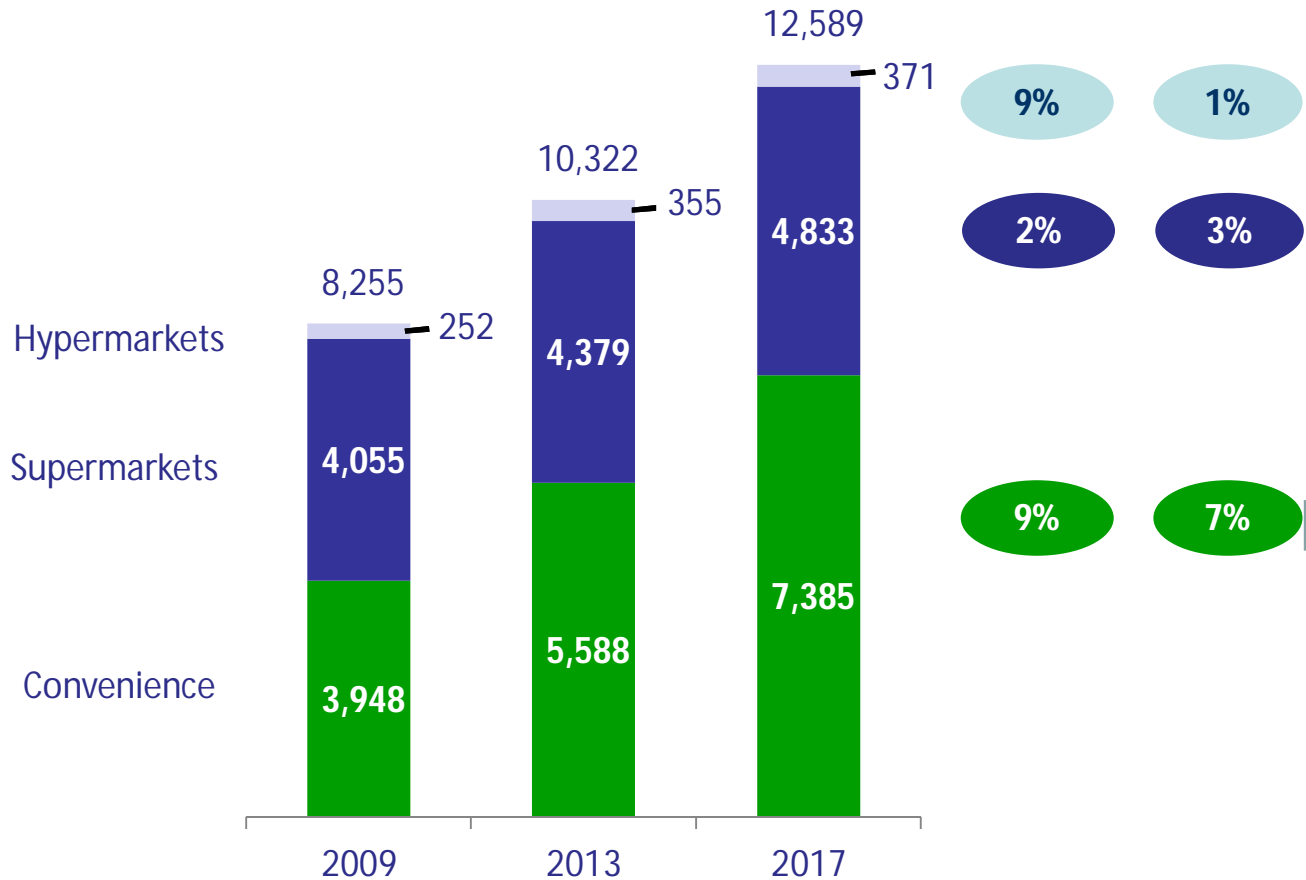
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# THIS GROWTH IS UNDERPINNED BY A RAPID EXPANSION IN THE CONVENIENCE CHANNEL...



## Physical formats for leading grocers

Number of stores



Source: IGD data

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# ...AND BY UNDERLYING CONSUMER TRENDS THAT SUPPORT GROWTH IN OUR CATEGORIES

1 Good value for money



Affordable indulgence 2



3 Convenient to eat/snack



Fresh and healthy 4



# 1

## WE HAVE RESHAPED OUR US STRATEGY IN THE LAST 3 YEARS



### 2008 Entry into the US Market



### 2010 Emergence of Food to Go



### 2012 - 2014 Focused, scaled-up Food to Go business

#### Key Event

- Acquisition of Home Made Brand Foods

- Acquisition of On A Roll

- Acquisitions of MarketFare Foods, HC Schau & Lettieri's
- Development of relationship with two key national customers
- Enhanced new manufacturing facilities

#### Regions

- North Eastern region

- North Eastern region

- Multi-regional

#### Categories

- Multi category business

- Increasing exposure to food to go

- Focus on food to go
- Development of specialist frozen & fresh capabilities

#### Channels

- Grocery retail customers

- Grocery retail and convenience stores

- Focus on small store, limited assortment channels

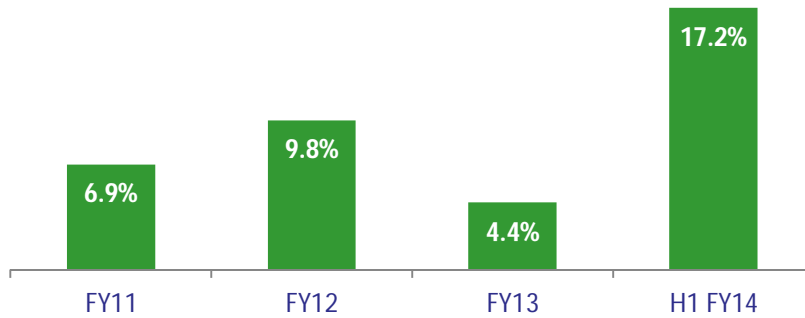


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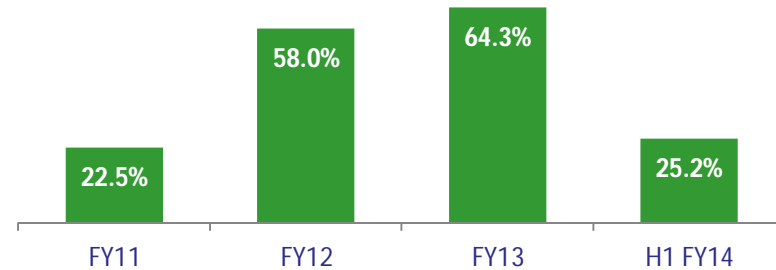
## THE ECONOMICS OF OUR FOOD TO GO BUSINESS SUPPORT OUR REFINED STRATEGY



### Revenue Growth - UK Food to Go



### Revenue Growth - US Food to Go



- 1 Continued strong growth in the UK and a platform to materially grow our US business leading to strong operating leverage
- 2 Move to longer term, multi-year supply arrangements
- 3 Ability to add value beyond food through distribution solutions, category management and manufacturing asset alignment
- 4 Ongoing building and transfer of food to go capability across the Group

**Attractive return on capital employed**

FY11 and FY12 revenue growth excludes impact of 53<sup>rd</sup> week in FY11

FY12 UK Food to Go growth shown on a pro-forma basis - assumes Uniq had formed part of the Group in FY11



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## STRENGTHENING OUR ORGANISATION – THE GRENCORE WAY



Who we are

How we will succeed



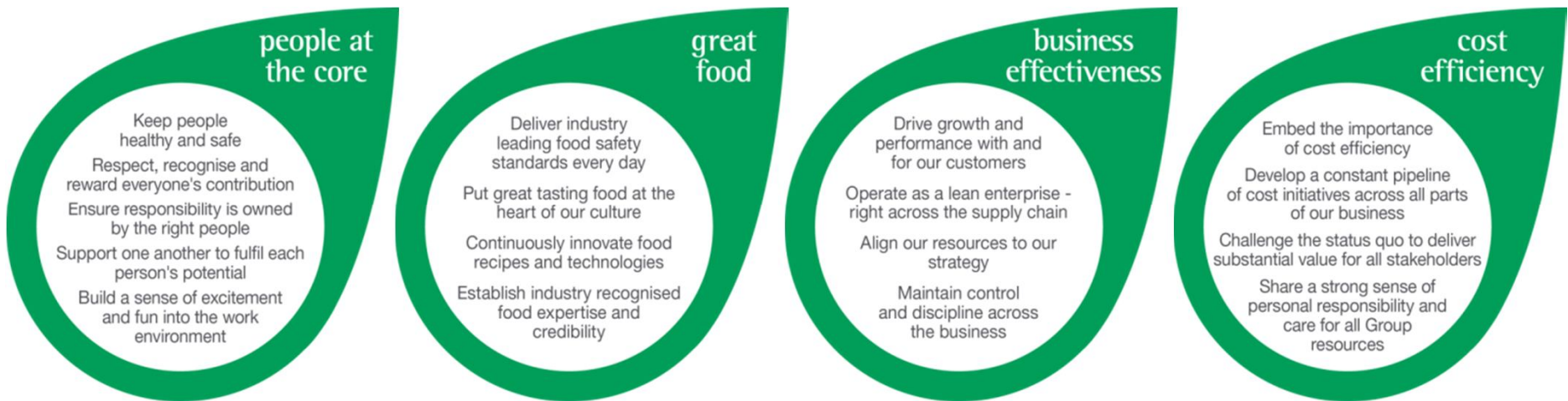


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## THE GREENCORE WAY – PRINCIPLES & STAKEHOLDERS



### our principles



### our stakeholders



# 2

## INVESTMENTS IN CAPABILITY TO UNDERPIN STRATEGY & GROWTH

### Large scale facility enhancement

- Northampton
- Kiveton
- Rhode Island
- Jacksonville



### Process excellence

- Food safety
- Lean
- Consumer insight
- Customer partnering
- Agility



### People

- Executive Board
- Divisional leadership teams
- Talent
- Incentives



## 2 OUR GROUP EXECUTIVE BOARD EXECUTES OUR STRATEGY



**Patrick Coveney**  
CEO  
Greencore Group



**Chris Kirke**  
MD  
Greencore  
Food to Go



**Liam McClennon**  
CEO  
Greencore  
USA



**Kevin Moore**  
MD  
Greencore  
Prepared Meals



**Eoin Tonge**  
MD  
Greencore  
Grocery



**Phil Taylor**  
Group  
HR Director



**Alan Williams**  
CFO  
Greencore  
Group



**Tim Dornan**  
CSO  
Greencore  
Group

# 3

## SUSTAINED DELIVERY AGAINST OUR FINANCIAL METRICS



### Key Metrics

**Strong LFL growth**

**Margin enhancement**

**Leverage reduction**

**ROIC progression**

### Recent Performance

- Ahead of market through new customer wins and enhancing share in existing customers
- Delivered through leveraging scale and recovery of input cost inflation
- Achieved through cash generation and tight capital management despite M&A activity
- Delivered through strong operating profit performance together with tight management of investments

We remain confident in our ability to deliver adjusted EPS growth for the financial year in line with market expectations

- 1 Refinement of our strategy**
- 2 Strengthening of our organisation**
- 3 Sustained delivery against our financial metrics**



# Greencore Food to Go





- Overview of our UK Food to Go business
- Overview of the UK food to go market
- Future prospects and opportunities

- **Overview of our UK Food to Go business**
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# BUSINESS OVERVIEW



- UK's largest food on the move provider and Greencore's biggest category
- Broad range of customers with bespoke own label products
- Delivers tailor-made ranges direct to nationwide stores daily
- Strong annual growth in a vibrant and fast-moving sector
- Drive to grow in all areas and channels of the food to go market

## Key areas of focus

Customer &  
product breadth



World class  
manufacturing  
processes



Category  
management  
expertise



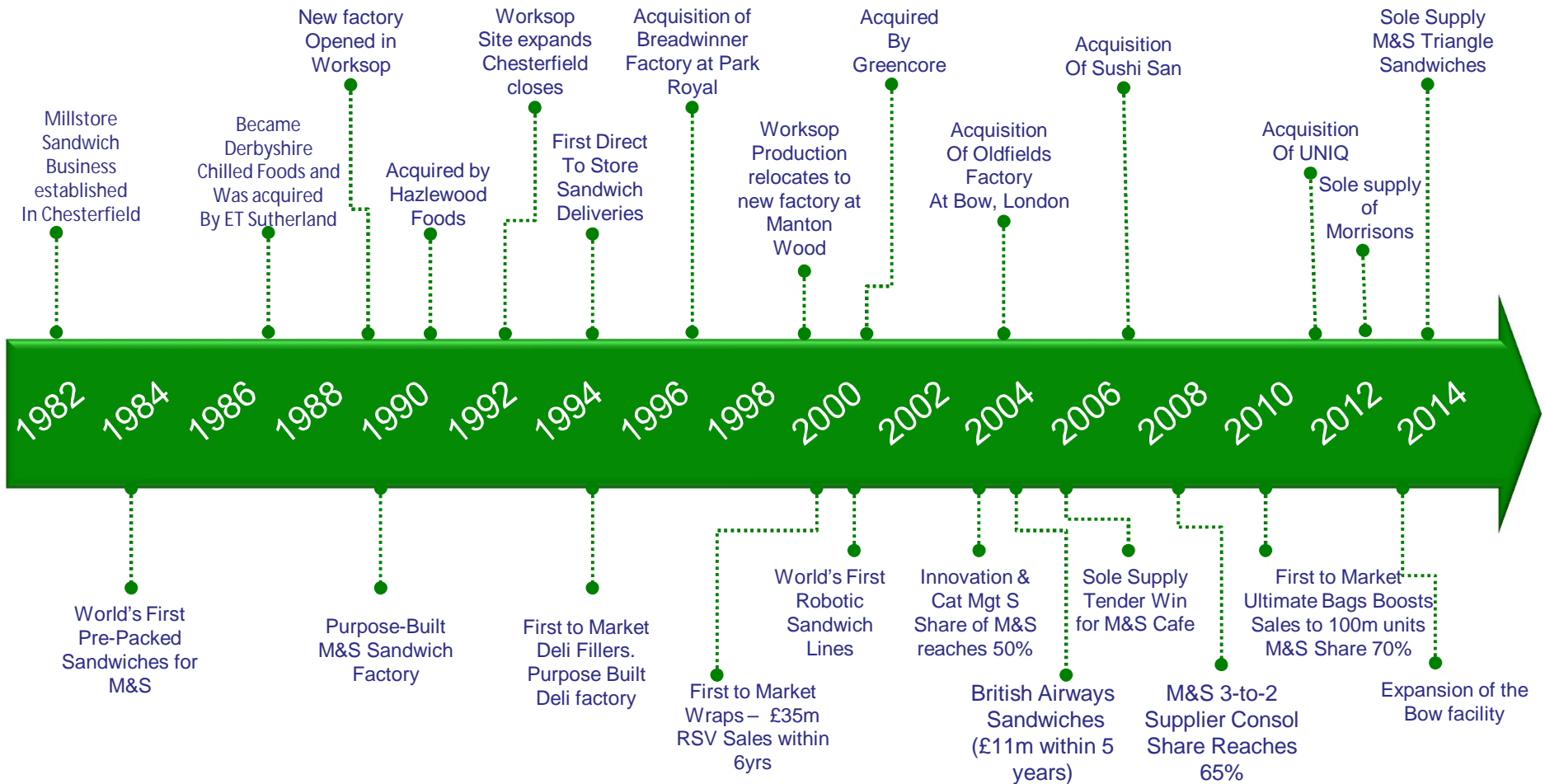
Low cost highly  
focused approach



Nationwide  
bespoke  
distribution model



# EVOLUTION OF OUR UK FOOD TO GO BUSINESS



# OVERVIEW OF OUR BUSINESS

## Overview

- Manufactures sandwiches, wraps, baguettes, sushi, side of plate salads, pasta salads
- Six facilities (Manton Wood, Park Royal, Spalding, Bow, Crosby, Northampton)
- Radial distribution business servicing 7,500 outlets 6 days a week



## Customers

- Grocery retailers: M&S, Morrisons, Asda, Sainsbury's, Waitrose
- Discounters: Aldi
- Convenience and Forecourt: Co-op, Boots, Esso



## Key numbers

- Annual volume: 540m units
- Employees: c.6,000
- UK food to Go represents c.40% of Group revenue



# MARKET SHARE AND POSITION IN FOOD TO GO



**Market  
Size**

**Market  
Share**

**Market  
Position**

**Sandwiches**

**£1.1bn**

**37%**

**#1**

**Sushi**

**£70m**

**21%**

**#3**

**Food to Go salads**

**£0.2bn**

**12%**

**#4**

**Side of Plate salads**

**£0.3bn**

**22%**

**#2**

Source: Estimated Nielsen 52 w/e 29 March 2014 and Greencore sales estimation



# FOOD TO GO ORGANISATIONAL STRUCTURE



**Chris Kirke**  
*Category Managing Director*



**Steve Evans**

**Paul Humphrey**

**Steve Andrews**

**Clare Rees**

**Andy Thompson**

**Alison Hayward**

**Phil Lovell**



**Managing  
Director  
Convenience**

**Finance  
Director**

**Business  
Transformation  
Director**

**Managing  
Director  
Retail**

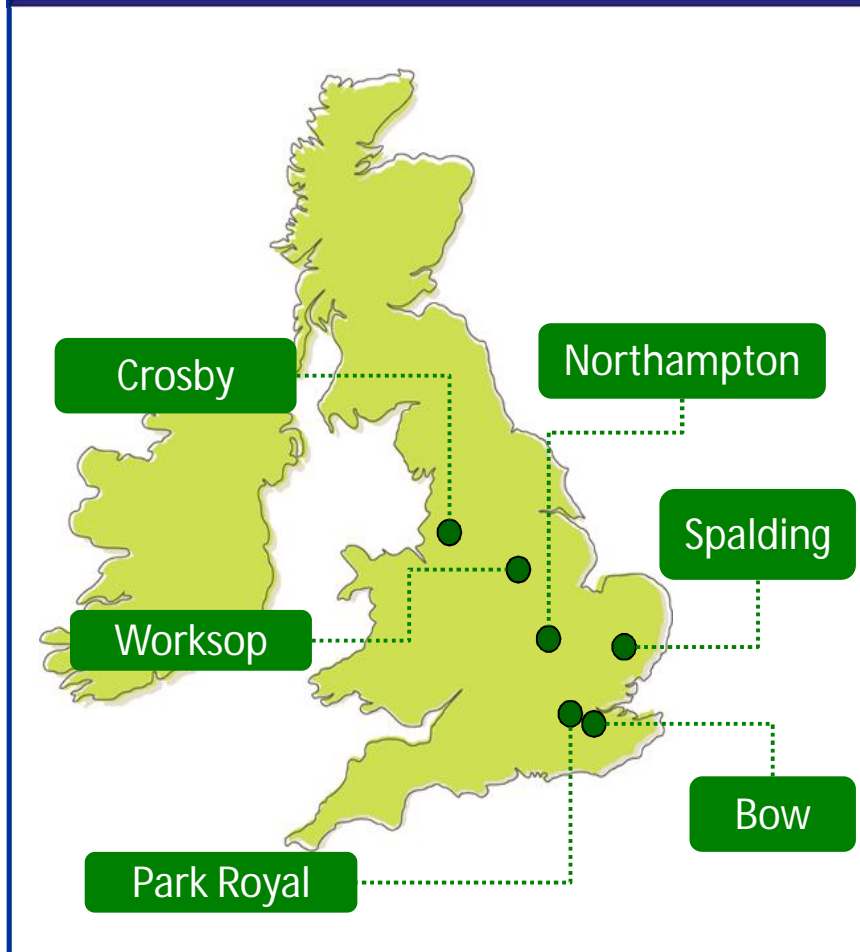
**Purchasing  
Director**

**H.R. Director**

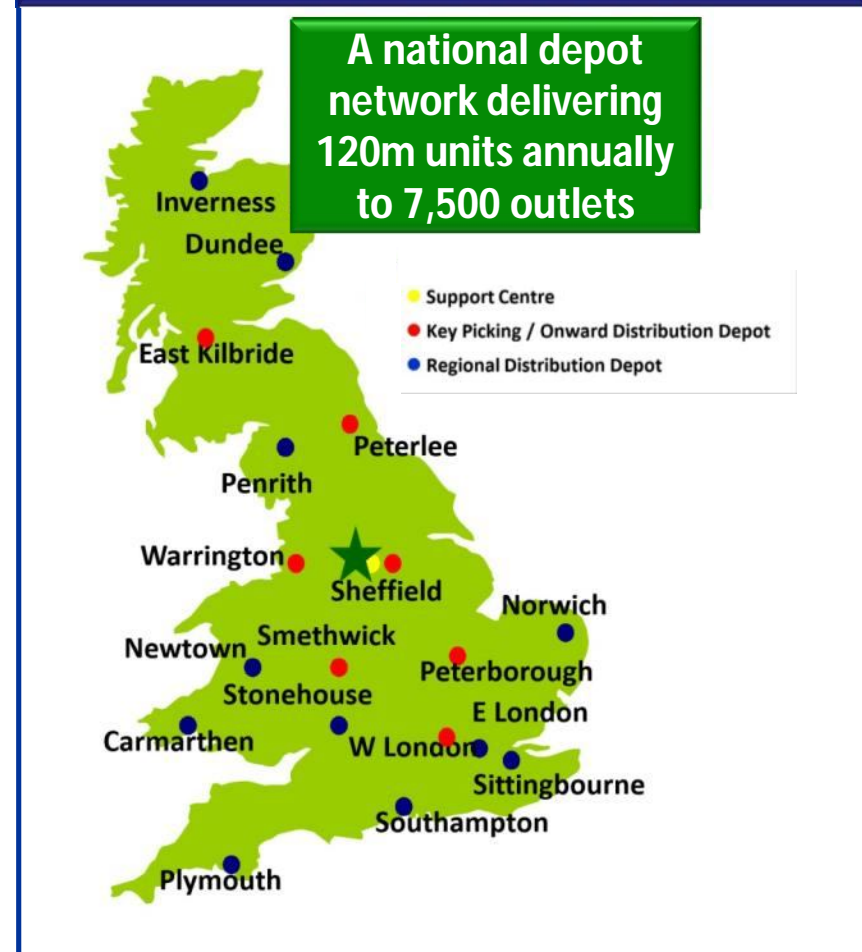
**Managing  
Director M&S  
Northampton**

# OVERVIEW OF FACILITIES

## Our manufacturing facilities



## Our distribution facilities



# BROAD MULTI-SITE CAPABILITIES

## Sandwiches

## Salads

## Sushi

Manton Wood

Park Royal

Northampton

Bow

Spalding

Crosby



- High Volume sandwiches & wraps
- Lieder lines
- Fully & semi-automated
- Bread de-nesters
- Model Lines
- In Line Slicing
- Egg Mayonnaise capability

- High Volume
- Lieder lines
- Fully & semi-automated
- Bread de-nesters
- Specialist sandwiches
- Deli fillers
- Platters

- Specialist sandwiches
- Wraps
- Hand assembled
- Baguette bake-off ovens
- Pasta cooking
- Salad
- Platters

- Side of plate & ready to eat Salads
- Mayo & Dressings
- Veg prep & cooking

- Hand assembled Sushi

# BUSINESS OVERVIEW - SUMMARY



- Strong experienced team
- Channel focused structure
- Good breadth of customers and product types
- Well invested highly efficient facilities
- Unique distribution model with nationwide coverage
- True contingency due to multi site manufacturing footprint

**Well positioned to respond to evolving UK grocery market**

- Overview of our UK Food to Go business
- **Overview of the UK food to go market**
- Future prospects and opportunities

# DEFINITION OF THE FOOD TO GO MARKET

## All Food Purchase Occasions

### In home consumption

#### Food for Later

Typically food bought in shops, taken home and stored for a period, and prepared or consumed at a later time



#### Take Away

Typically food bought in shops, restaurants, fast food outlets, or takeaways for immediate consumption at home



### Out of home consumption

#### Food for Now

#### Eat In

Typically food bought in restaurants or cafes, and consumed on the premises



Coffee shop chains  
Supermarket cafes

#### Food to Go

Typically food bought in shops, and fast food outlets, for immediate consumption outside the home.



Supermarkets  
C-stores  
Forecourts  
Others



# THE UK FOOD TO GO MARKET INCORPORATES MULTIPLE CHANNELS



- The UK market is large, highly developed, multi-channel and growing
- The UK food to go market incorporates food purchased and consumed out of home where there is an option to take-away – this is worth around £20 billion
- Estimated growth c.5% per year
- Additional £50 billion from broader foodservice (hotels, pubs & restaurants)

## FTG is purchased in multiple channels



Coffee Shops



Multiple Grocers



Independents



Forecourts



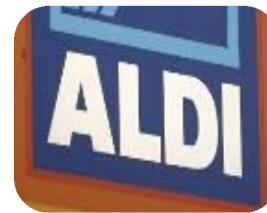
High Street



Convenience



Travel

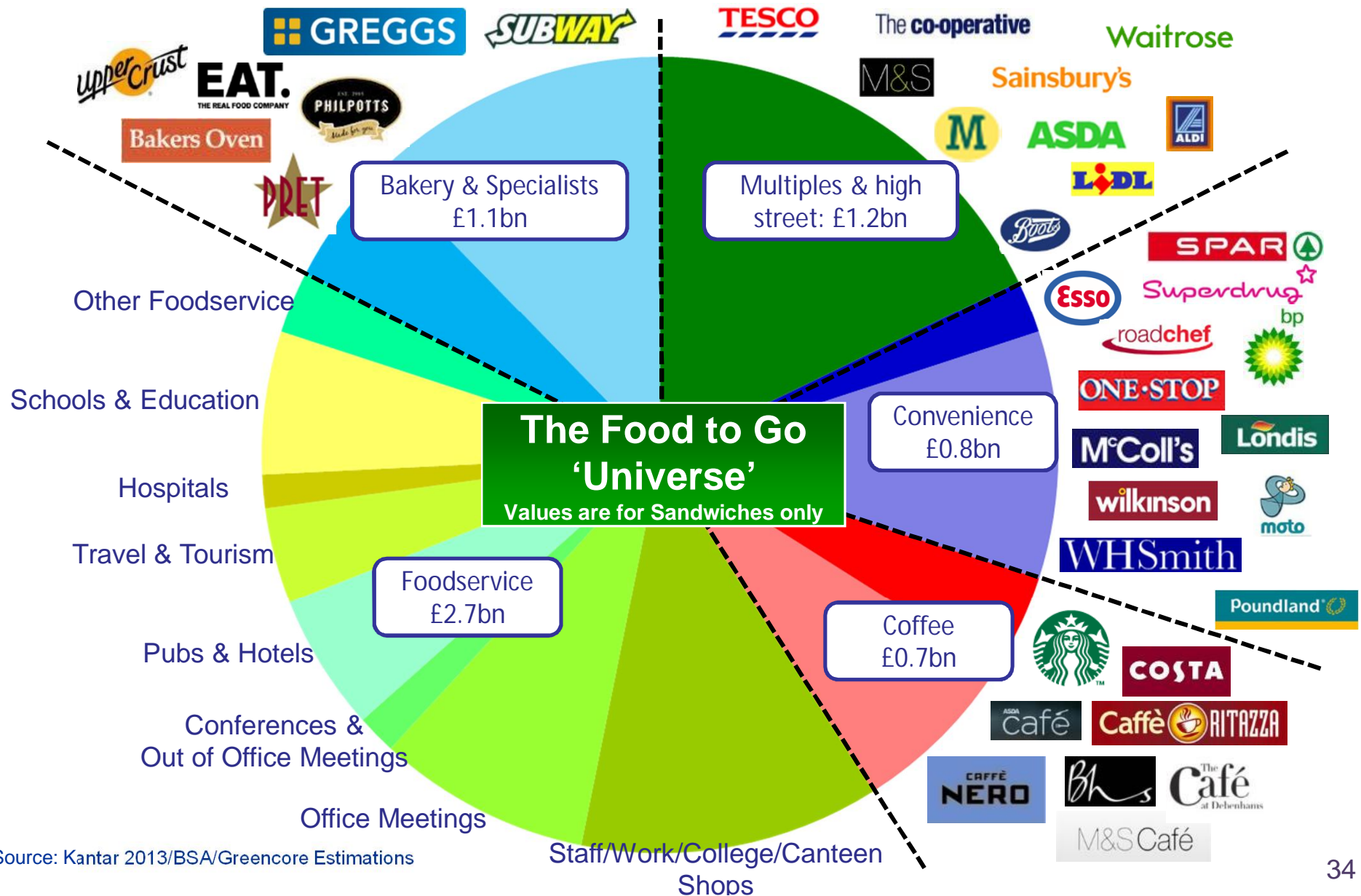


Discounters



Foodservice

# SIGNIFICANT UK FOOD TO GO MARKET OFFERING VAST CHOICE FOR CONSUMERS AND SCOPE FOR GREENCORE TO GROW



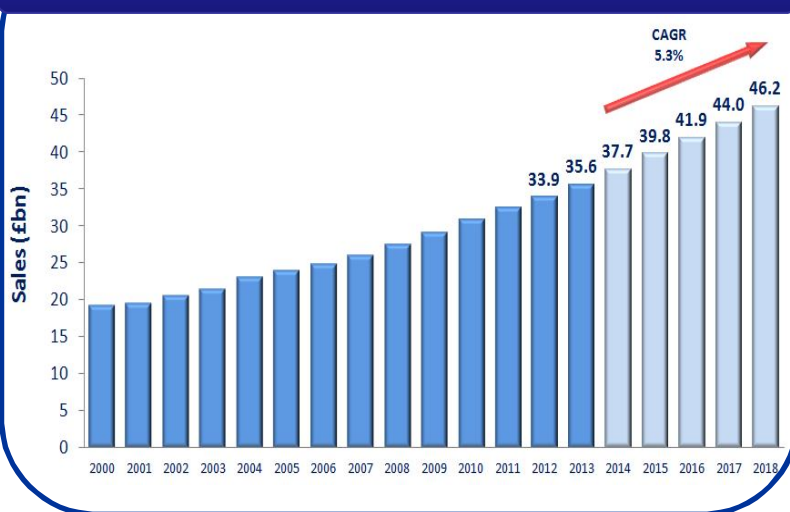
Source: Kantar 2013/BSA/Greencore Estimations

# CHANGES IN THE UK RETAIL ENVIRONMENT ARE CREATING NEW OPPORTUNITIES FOR GREENCORE

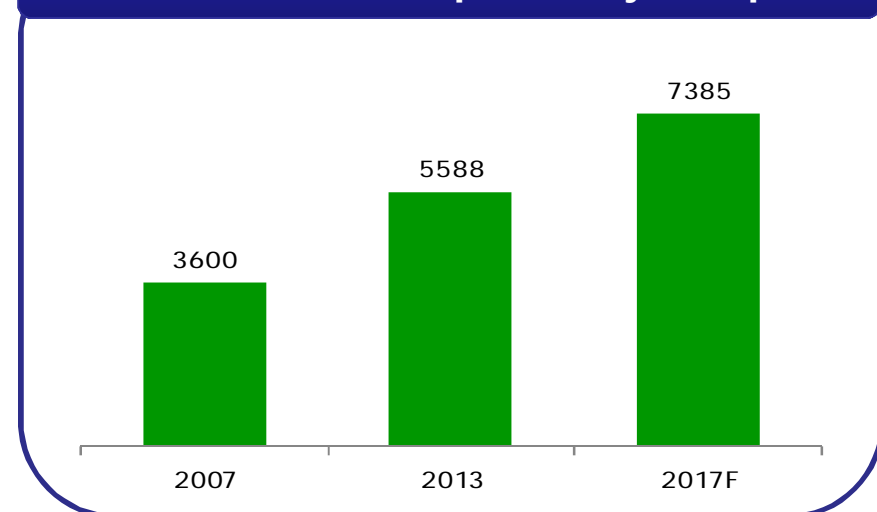


- Declining footfall in large superstores due to growth of on-line & convenience
- Increasing importance of location & accessibility
- Growth of smaller format convenience stores
- Blurring of channel lines as consumers shop across multiple channels
- Enhanced FTG offer in multiples to compete with other channels

### Convenience retail sales value



### Convenience stores operated by multiples



**Food to go is becoming more important to our core customers**

# MARKET GROWTH



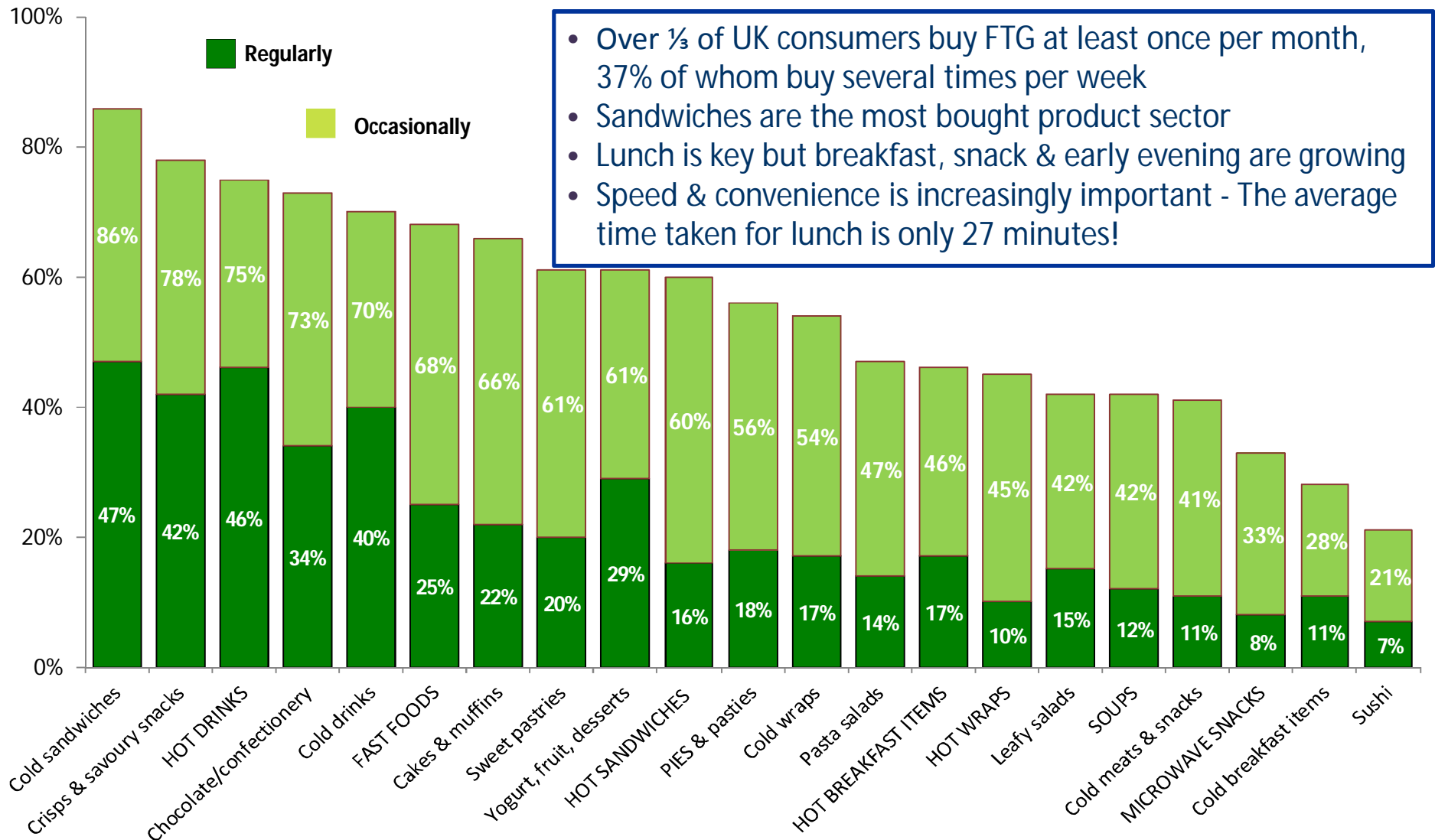
	Value	Value Growth %	Packs	Pack Growth %	
<b>Food to Go</b>	Latest year	£1.4bn	9.9%	721m	6.1%
	Latest 12 weeks	£0.4bn	8.8%	190m	6.1%
<b>Sandwiches</b>	Latest year	£1.1bn	10.8%	594m	6.5%
	Latest 12 weeks	£0.3bn	8.3%	151m	5.1%
<b>Food to Go Salads</b>	Latest year	£189m	2.0%	88m	-0.9%
	Latest 12 weeks	£58m	8.3%	27m	8.5%
<b>Sushi</b>	Latest year	£78m	16.9%	39m	17.1%
	Latest 12 weeks	£23m	16.1%	11m	13.6%



# UK CONSUMERS LOVE FOOD TO GO – REGULARLY BUYING INTO THE CATEGORY & PURCHASING ACROSS MULTIPLE PRODUCT SECTORS



% buying based on UK FTG consumers who purchase FTG at least once per month...



- Over 1/3 of UK consumers buy FTG at least once per month, 37% of whom buy several times per week
- Sandwiches are the most bought product sector
- Lunch is key but breakfast, snack & early evening are growing
- Speed & convenience is increasingly important - The average time taken for lunch is only 27 minutes!

Source: Greencore commissioned research based on 1000 FTG consumers purchasing at least once per month

# FOOD TO GO MARKET - SUMMARY



- Continuing to see good growth due to:
  - Increasing levels of consumer participation
  - Significant growth in store numbers especially around convenience formats
  - Trading up into higher price point products
  - Expanded offer and ranges
  - Attractive 'Meal Deals'

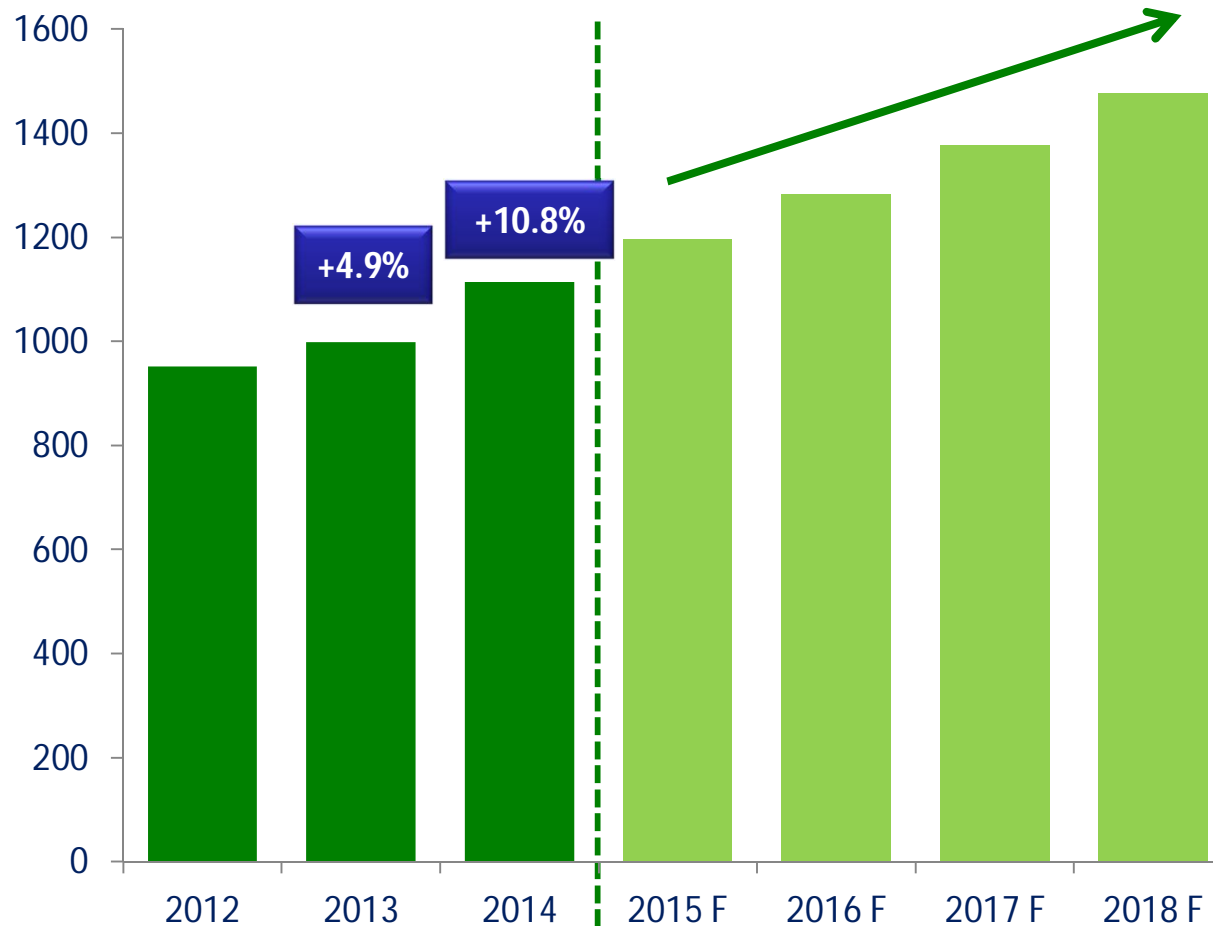
- Overview of our UK Food to Go business
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# FOOD TO GO AND SANDWICHES WILL CONTINUE TO OUTPERFORM THE UK GROCERY MARKET



Sales value of sandwiches in grocery multiples £m



- Macro trends driving growth:
  - Drive for convenience
    - Snacking
  - Out of home eating
- Stabilising household finances
- On-going 'trade-up' to new breads & more premium brand tiers
- Rapid expansion in the convenience channel with retailers planning significant new store opening programmes

# FURTHER MARKET GROWTH WILL BE STIMULATED BY AN EXPANSION IN EATING OCCASIONS AND OPPORTUNITIES

## Growth of hot food

- Hot food accounts for 6 of the top 21 product categories in UK consumers' FTG repertoire\*



## Coffee shop growth

- There are now over 16,000 coffee shops & cafes in the UK with a turnover in excess of £6 billion per annum\*\*



## New meal occasions

- 56% of UK consumers rarely/have never purchased breakfast out-of-home in the UK\*\*



## Healthier & fresher products

- 88% of UK consumers rate freshness as very or extremely important and they associate freshness with healthier food\*



## Improved 'look & feel'

- Store environment is key to convey the top drivers of outlet choice - freshness, quality, taste and value for money\*



\* Greencore Research – 1000 FTG consumers (December 2013) \*\* Allegra Coffee Report December 2013

# DELIVERY OF OUR CORE VALUES WILL CONTINUE TO GIVE GREENCORE A SIGNIFICANT COMPETITIVE EDGE



## Technical Integrity

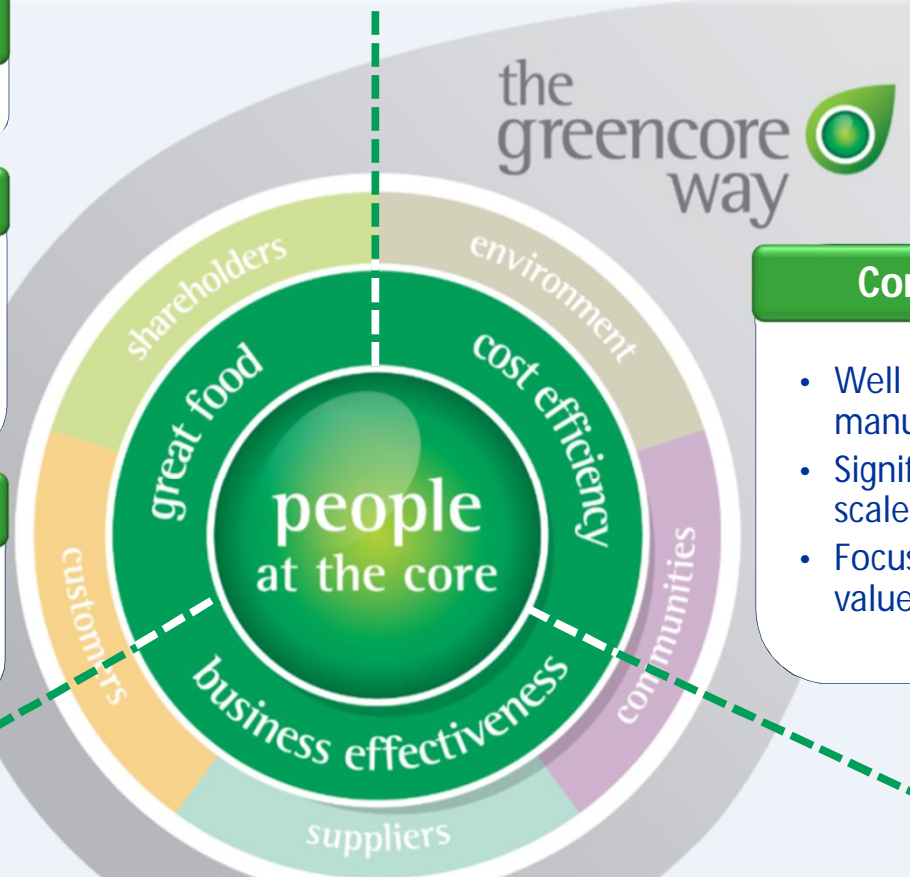
- Category-leading standards

## Quality

- Working closely with our customers to deliver consistently high quality standards

## Innovation

- Investment to deliver newness & innovation internally & externally



## Competitive Costs

- Well invested manufacturing facilities
- Significant economies of scale
- Focus on eliminating non value-added cost

## Service

- 99.5% service level
- Focus on managing complexity
- Flexibility to meet market needs

## Insight/Category Management

- Continued investment in consumer & category insight
- Recognised category leadership

# OVERVIEW OF NORTHAMPTON EXPANSION



- c.300 new jobs will be created
- £30m investment from FY14 – FY16 to facilitate a significant new business award
- Underpins specific future growth opportunities with the Northampton facility customer
- First phase of new products confirmed for launch in late Q4 FY14 with balance delivered over next 18 months
- £30m of annualised revenue by January 2015

# TIMELINE FOR NORTHAMPTON EXPANSION



# NORTHAMPTON SITE LAYOUT





# PHASE 2 – UNIT B EXTENSION

- Extra capability incorporating two high speed sandwich lines



# PHASE 3 – BRAND NEW FACTORY OF THE FUTURE

- c.£30m investment and 300 new jobs created in Northampton
- Sustainably built with the latest technology



# PUTTING ALL THIS TOGETHER – ECONOMIC MODEL

- 1 Continued strong growth in the UK food to go market
- 2 Move to longer term, multi-year supply arrangements
- 3 Ability to add value beyond food through distribution solutions, category management and manufacturing asset alignment
- 4 Ongoing development of food to go capability and capacity



**Attractive return on capital employed**

# SUMMARY



- UK's largest food to go provider
- Well placed to benefit from future growth across multiple formats and product platforms
- Industry leading facilities with further capacity coming on stream
- At the core of future retailing and shopper trends and behaviours



# Greencore USA

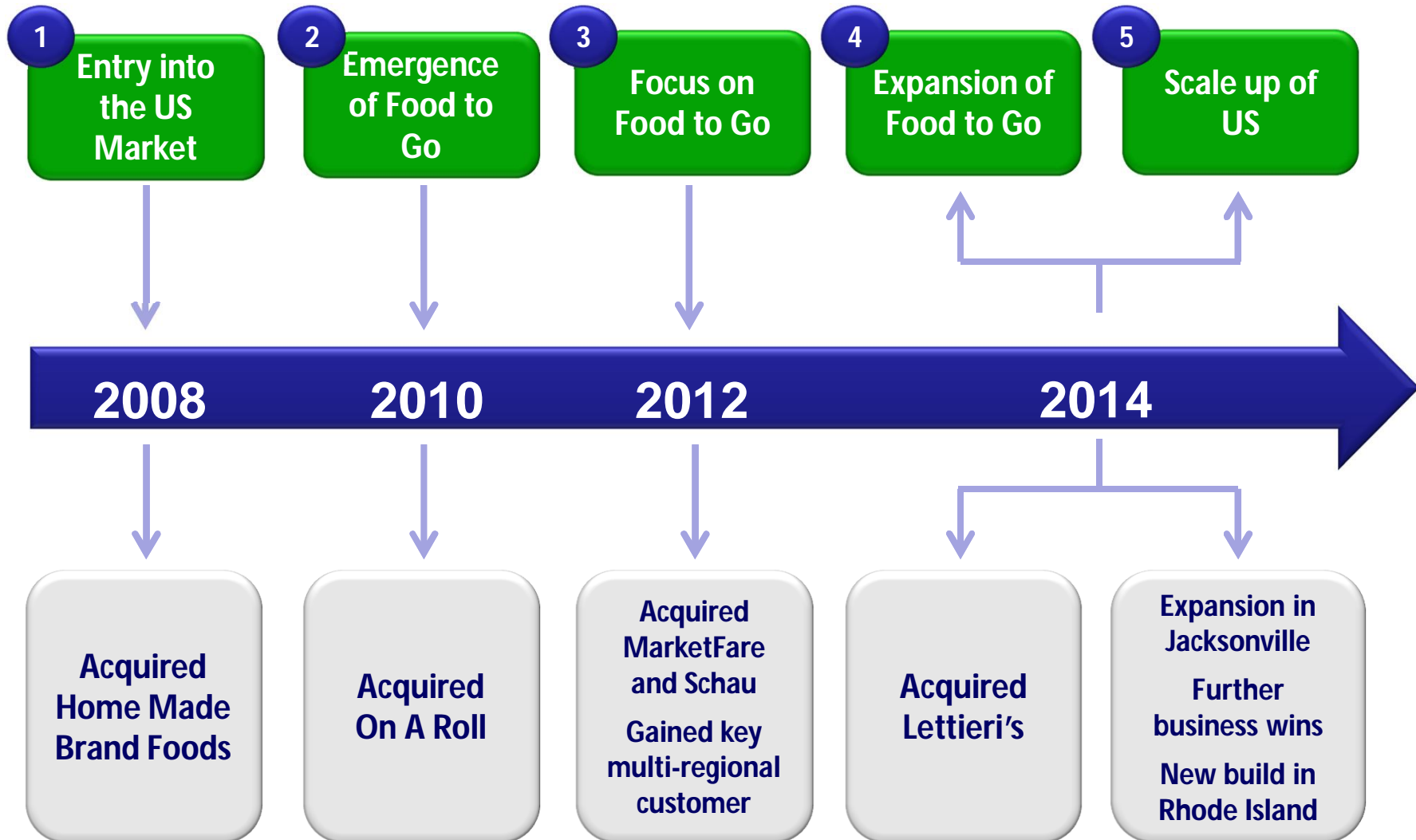


- Overview of our US business
- Overview of the US food to go market
- Future prospects and opportunities



- **Overview of our US business**
- Overview of the US food to go market
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# EVOLUTION OF OUR US BUSINESS



# OUR STRATEGY HAS BEEN SHAPED BY KEY LEARNINGS



Phase	Key Learnings
1 Entry into the US Market	<ul style="list-style-type: none"><li>• Attractiveness of US market</li><li>• US environment - technical standards, market dynamics and supply chain</li></ul>
2 Emergence of food to go	<ul style="list-style-type: none"><li>• Attractiveness of food to go</li><li>• Differing channel dynamics</li></ul>
3 Focus on food to go	<ul style="list-style-type: none"><li>• Benefits of focus on c-store and small store channel</li><li>• Partnerships with national customers</li></ul>
4 Expansion of food to go	<ul style="list-style-type: none"><li>• Adjacent product categories and opportunities beyond lunch time</li><li>• Frozen solutions to broaden geographic footprint</li></ul>
5 Scale up of US	<ul style="list-style-type: none"><li>• Capacity investment to support customer specific opportunities</li><li>• North East manufacturing efficiencies</li></ul>

# WE HAVE BECOME A FOCUSED, CHANNEL SPECIFIC BUSINESS



## Overview

- Leading supplier in the North East, East Coast and Mid-West
- Chilled food manufacturer complemented by frozen capability for hot eating



## Customers

- National convenience and coffee shop customers - c.80% of revenue
- Regional grocery customers - c.20% of revenue

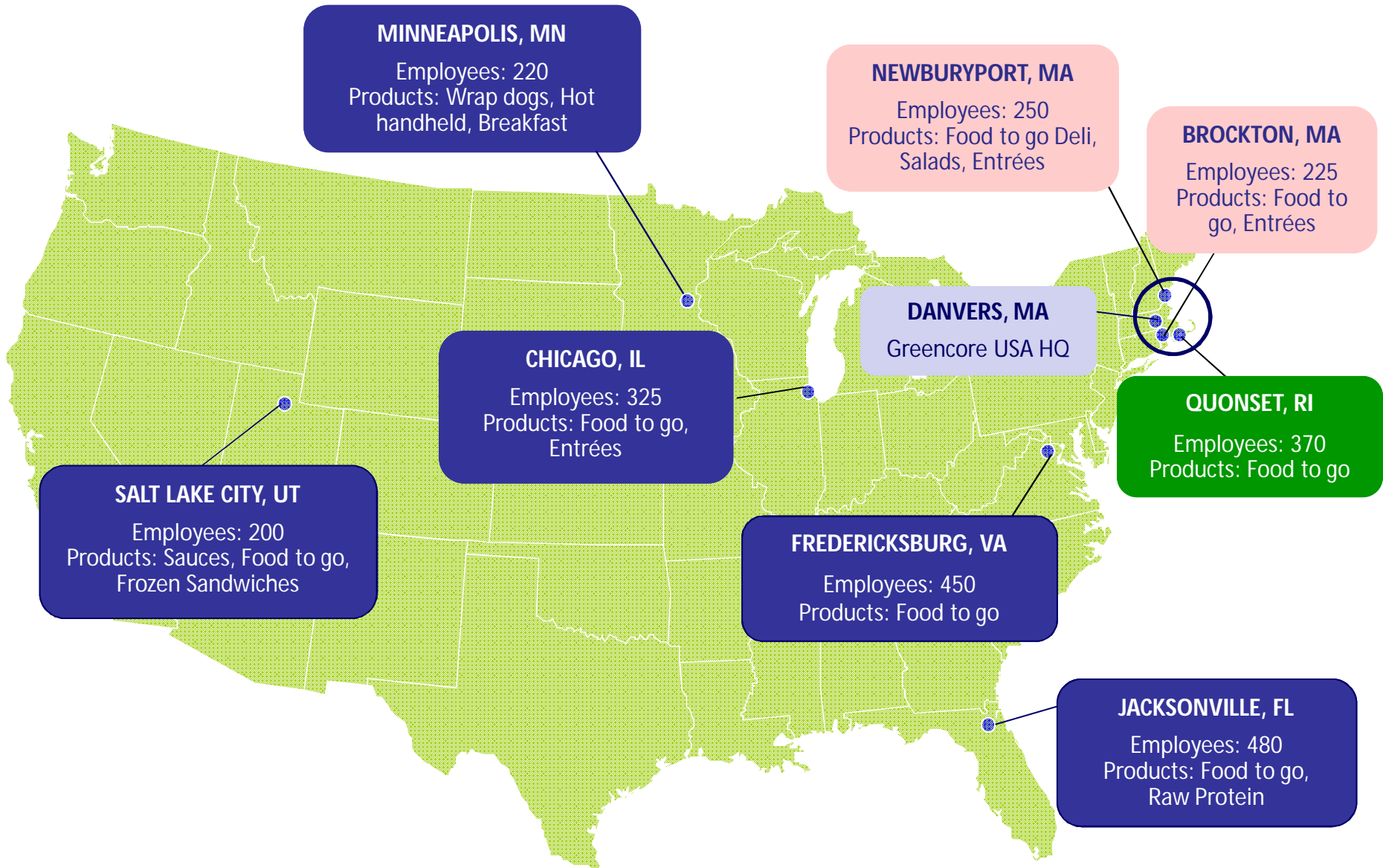


## Financial

- US represents c.15% of Group run-rate revenue
- Capacity to deliver revenue of c.\$600m from manufacturing footprint



# WE HAVE A WIDE GEOGRAPHIC FOOTPRINT



# WE ARE USING BOTH FRESH AND FROZEN SOLUTIONS TO EXECUTE IN THE US MARKET



## Fresh solution



- Daily deliveries to customers
- Pick products to store level
- Short lead time for perishable materials
- Manage shrink potential
- Advantage of shorter supply chain

**Vital to be in close proximity to customers for fresh products**

**Balance scale and geographical reach**

## Frozen solution



- Suitable for certain food to go products
- Manufactured frozen and sold fresh at the point of purchase
- Generally heated in store
- Frozen capability in Salt Lake City, Jacksonville and Minneapolis

**Frozen solutions offer wider geographic reach**

**Execution requires customer capability**

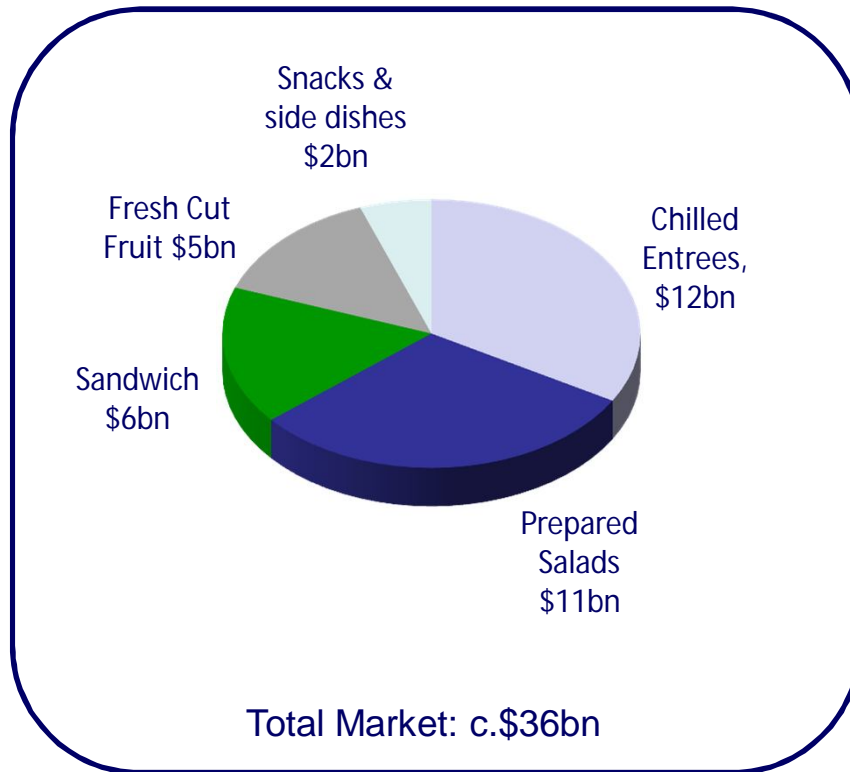


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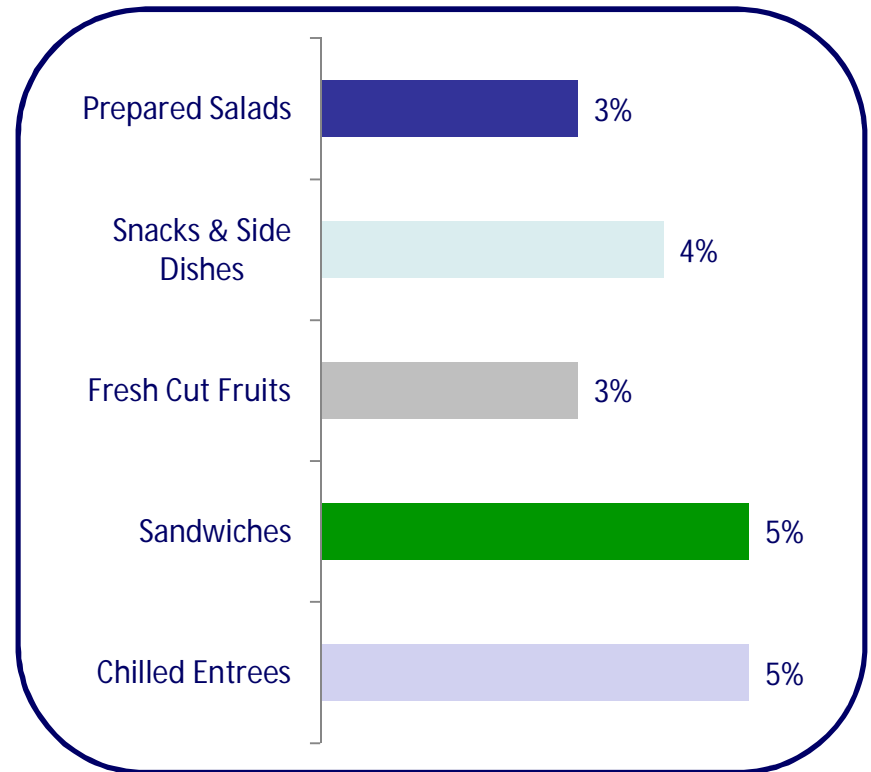
# THE US FOOD TO GO MARKET IS GROWING



## FTG market size by category



## FTG growth by category



# BROADER CONSUMER TRENDS ARE POSITIVE FOR OUR BUSINESS



## Convenience



Consumers will seek more convenient solutions to suit busier lifestyles

## Local



Locally-produced foods are increasingly influencing consumers

## Fresh



More "Fresh" menu items will be introduced to cater for demand

## Artisan



US consumers will seek out unique and higher quality foods

## Healthy



Government and consumers are increasingly focusing on healthier options

## Snacking



Changing product mix to accommodate increasing number of eating occasions

## Urbanisation



Smaller format restaurants and stores may require remote food preparation

## Value



Food value remains a key factor for large number of US consumers

## Diversity/ ethnic



Food Service growth will be partly driven by demand for ethnic /fusion cuisines

## Blurred channels



Both retailers and restaurants are now battling for share of meal occasions

# CONVENIENCE AND SMALLER STORES ARE GROWING AND FOCUSED ON FTG...

Food is a key  
growth  
opportunity

- Drive sales through accompaniments to beverages
- Replace declining tobacco sales
- Ambitious growth targets



Food could be the  
key differentiator

- Good coffee is more common
- Seek to differentiate through food offer



Ambitious plans  
to grow &  
improve footprint

- C-stores and coffee shops
- Aggressive store openings, consolidations and remodels



# ...AND WE CAN HELP OUR CUSTOMERS DELIVER ON THEIR KEY PRIORITIES

Increasing their offer



Investing in the supply chain



Importance of product quality



Improving the hot offer



Ease of execution



Managing shrink



# WHAT DOES IT TAKE TO WIN IN US FOOD TO GO?

**Insight  
& NPD**



**Operational  
Effectiveness**



**Food Safety  
& Technical  
Standards**





- Overview of our US business
- Overview of the US food to go market
- **Future prospects and opportunities**

# WE HAVE TAKEN SIGNIFICANT STEPS IN FY14 TO SUPPORT OUR LONGER TERM STRATEGIC AGENDA



1

## Strengthening our US team



Recruiting & developing resources

2

## Broadening our FTG offering



Acquisition of Lettieri's

3

## Building frozen capability



Investment in Jacksonville

4

## Upgrading manufacturing capability



Building facility in Rhode Island

1

# WE HAVE BUILT A STRONG, EXPERIENCED TEAM



**Liam McClennon**  
*CEO, Greencore USA*



**Brek Peterson** **Rene Ouimet** **Chris Calitri** **Nora McCarthy** **Andy Hearn** **Joe Orolin** **Tim Adler**



*Finance*

*Business  
Transformation*

*Sales &  
Marketing*

*HR*

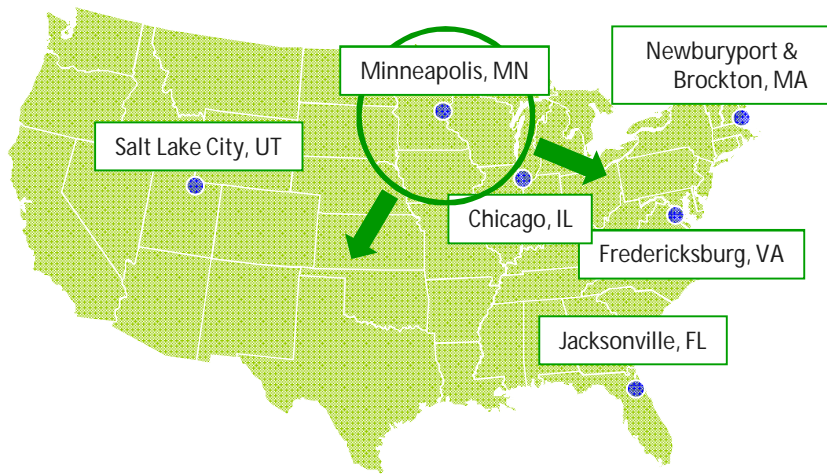
*Technical  
& NPD*

*Operations  
& Supply chain*

*Purchasing*

# 2

## LETTIERI'S ADDS TO OUR FOOD TO GO OFFERING AND FITS WITH OUR LONG TERM US STRATEGY



- A leading manufacturer of frozen food to go products for convenience store channel
- A modern purpose built facility in Minneapolis with high quality assets
- Current revenue of c.\$35m with significant capacity of c.\$100m for future growth
- Good fit with our strategy with strong position in niche part of FTG market and c-store focus, as well as broadening our geographic scope

**Extruded**



**Enrobed**



**Assembled**

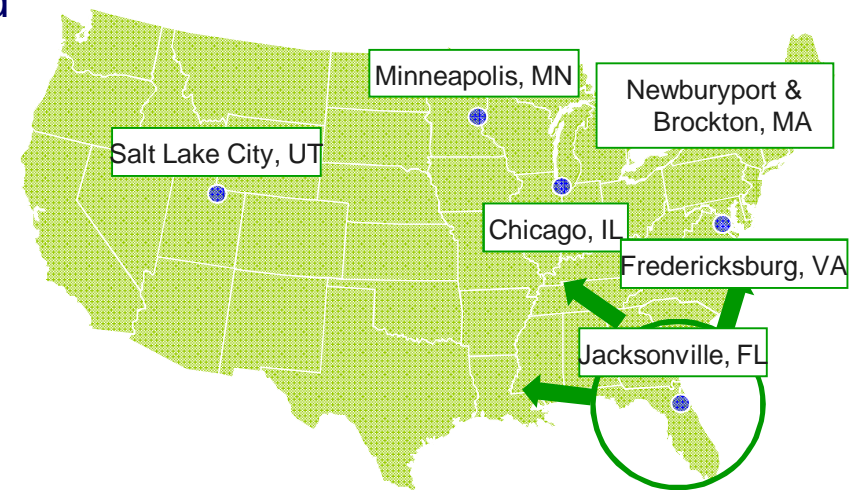


## 3

## OUR INVESTMENT IN JACKSONVILLE GIVES US FROZEN CAPABILITY AND OUR FIRST TRULY SCALE SITE



- \$10m investment in state of the art frozen food to go capabilities in Jacksonville
- Capacity to support more than \$100m of revenue with focus on hot eating products at breakfast and lunchtime
- Capability to cover wide geography with frozen products
- Construction is complete and first shipments have now taken place
- Currently producing over 100,000 units per day



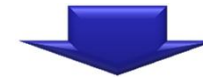


## 4

## WE ARE BUILDING A NEW MANUFACTURING FACILITY IN RHODE ISLAND



- Focus on improving our North East manufacturing footprint
- Key imperatives:
  - Consolidate in one location
  - Create capacity for future growth
- Comprehensive analysis undertaken
- Greenfield site was the preferred solution
  - Sustainably built using latest manufacturing technologies
  - Caters for existing volumes and future growth



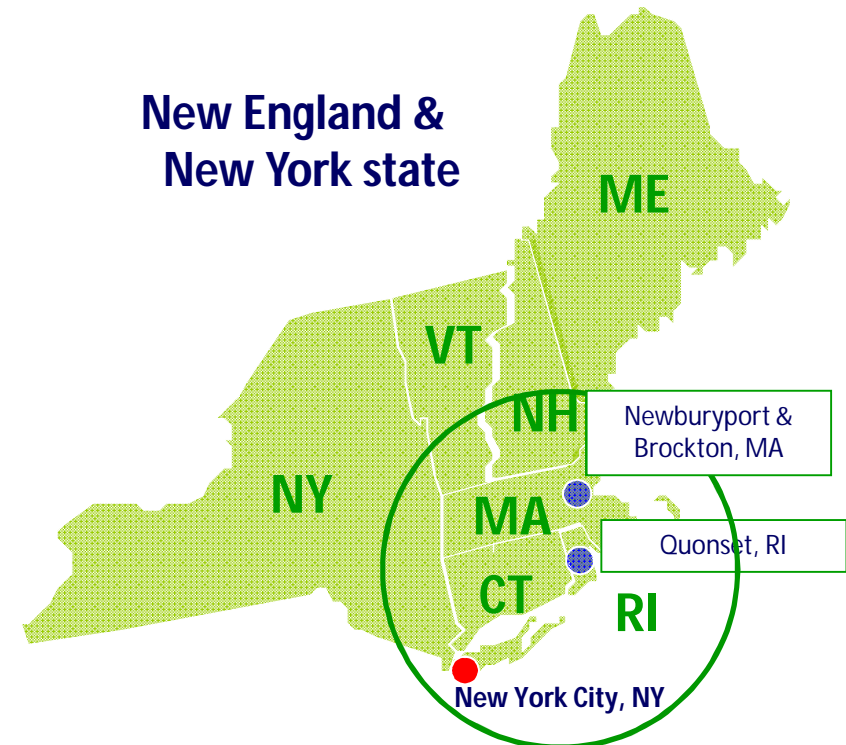


## 4

## THE SITE IS STRATEGICALLY LOCATED TO GIVE ACCESS TO TWO KEY MARKETS



- Strategic location in Quonset, Rhode Island
  - Existing markets in New England
  - Develop future opportunities closer to New York
- Investment of c.\$35m in 100,000 square feet sandwich facility with modular design
- Highest standards of hygiene, efficiency and process capability
- Employ 370 people
- Designed to deliver \$8m productivity savings on current footprint by FY17

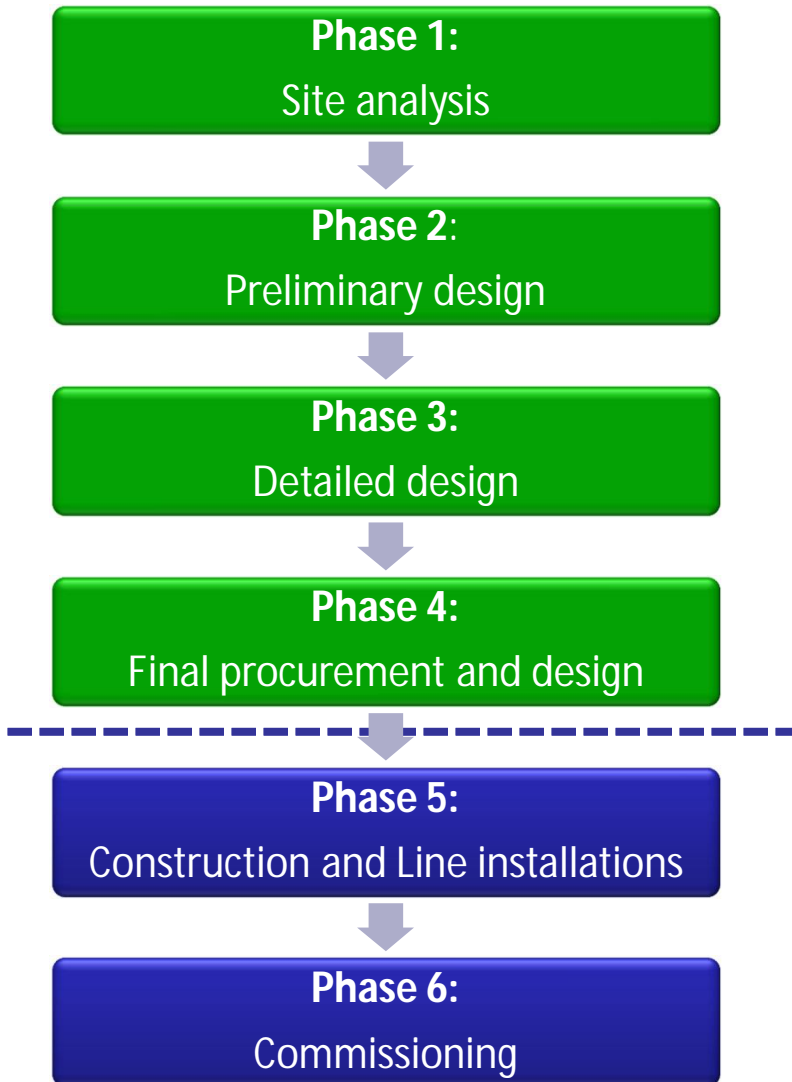


# 4

## CONSTRUCTION IN RHODE ISLAND IS ON TRACK



### Construction process



### Progress update

- Ground broken in June 2014
- Construction is progressing well and is on track
  - Foundations prepared and building frame has been erected
  - Key production equipment has been sourced and ordered
- We expect the building to be weather proof by October 2014
- On track to take possession of the plant in early 2015 with full commissioning in Spring
- The transfer of production from existing sites to Rhode Island should commence in Spring 2015

# OUR STRATEGY WILL DRIVE ALL FUTURE INVESTMENT DECISIONS IN THE US



## Strategy

Develop US market-specific consumer propositions

Focus on small store channels

Build manufacturing scale and capability in FTG

Commit to food safety as a source of competitive advantage

Selectively leverage our UK FTG capabilities



## Future developments

Continue to build customer focused capability

Balance of focused M&A and organic growth

Continued strengthening of organisation and team

Gradual alignment of economic metrics with overall group

# Financial Update



# OBJECTIVES

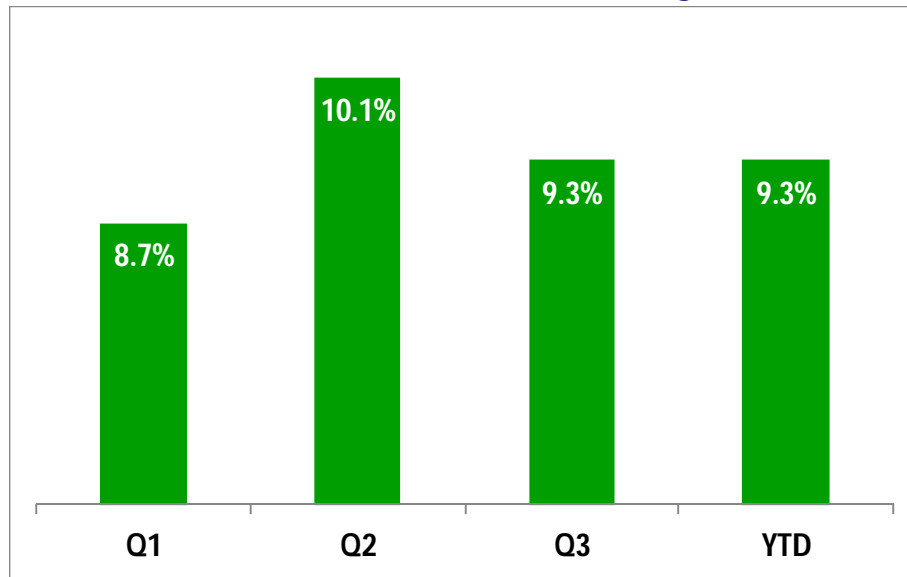


- 1 Reminder of YTD FY14 performance
- 2 Report against financial performance targets set in March 2012
- 3 Financial implications of the food to go led strategy and updated financial goals

# YTD FY14 PERFORMANCE



## FY14 Convenience Foods LFL revenue growth\*



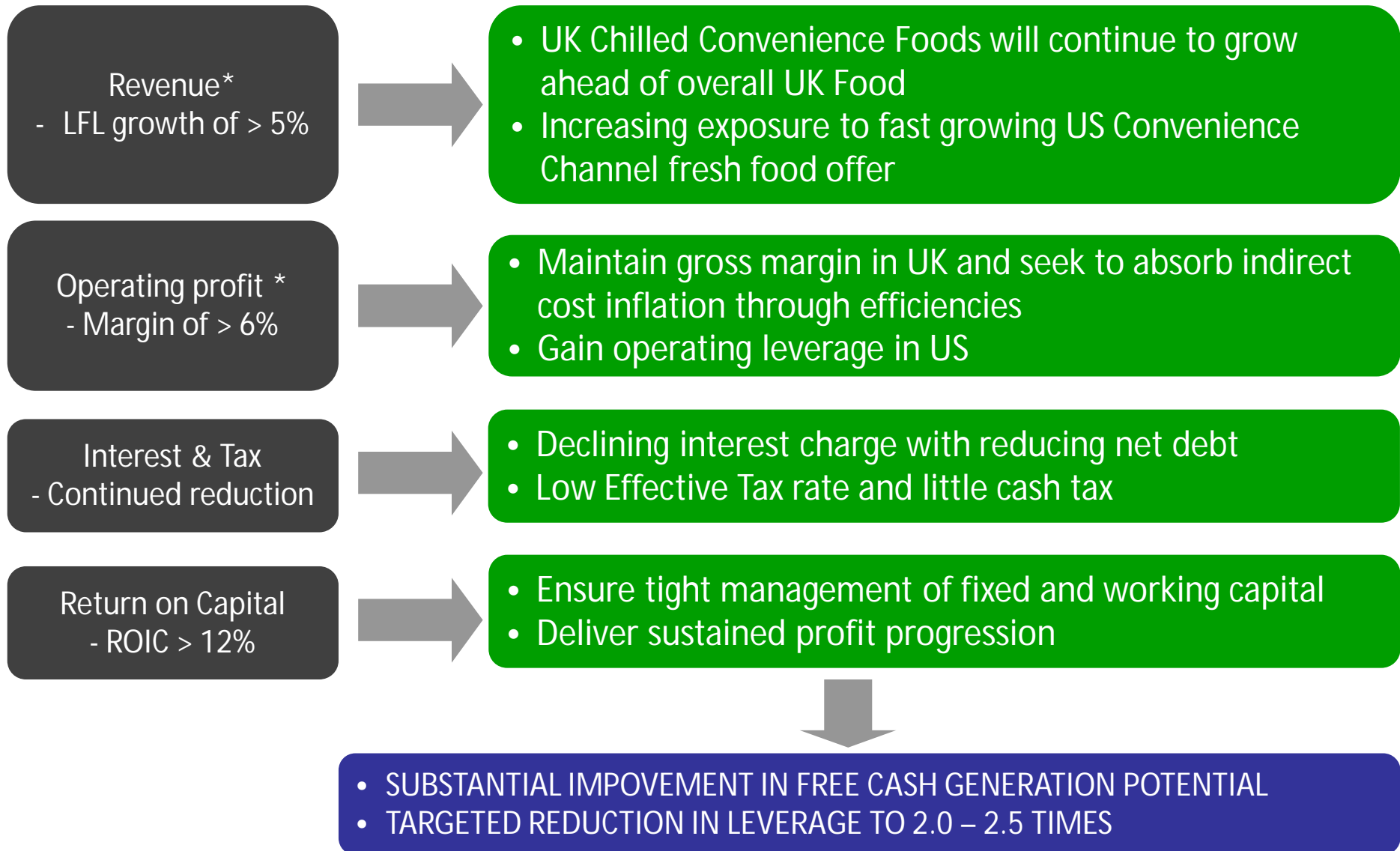
- Convenience Foods like for like revenue\* growth of 9.3% YTD
  - UK revenue growth considerably ahead of chilled convenience food market
  - US LFL revenue growth YTD of 16.9%
- 14.9% operating profit growth and margin expansion of 30bps delivered in H1

We remain confident in our ability to deliver adjusted EPS growth for the financial year in line with market expectations

\* Like for like ("LFL") revenue growth exclude the desserts activity which was sold to Müller Dairy UK in January 2013 , Ministry of Cake which was disposed in May 2014 and Lettieri's revenue since acquisition and are expressed in constant FX



# REMINDER OF OUR BUSINESS PERFORMANCE GOALS



\* Revenue and Operating profit for Convenience Foods division. Operating Profit before exceptional items and acquisition related amortisation

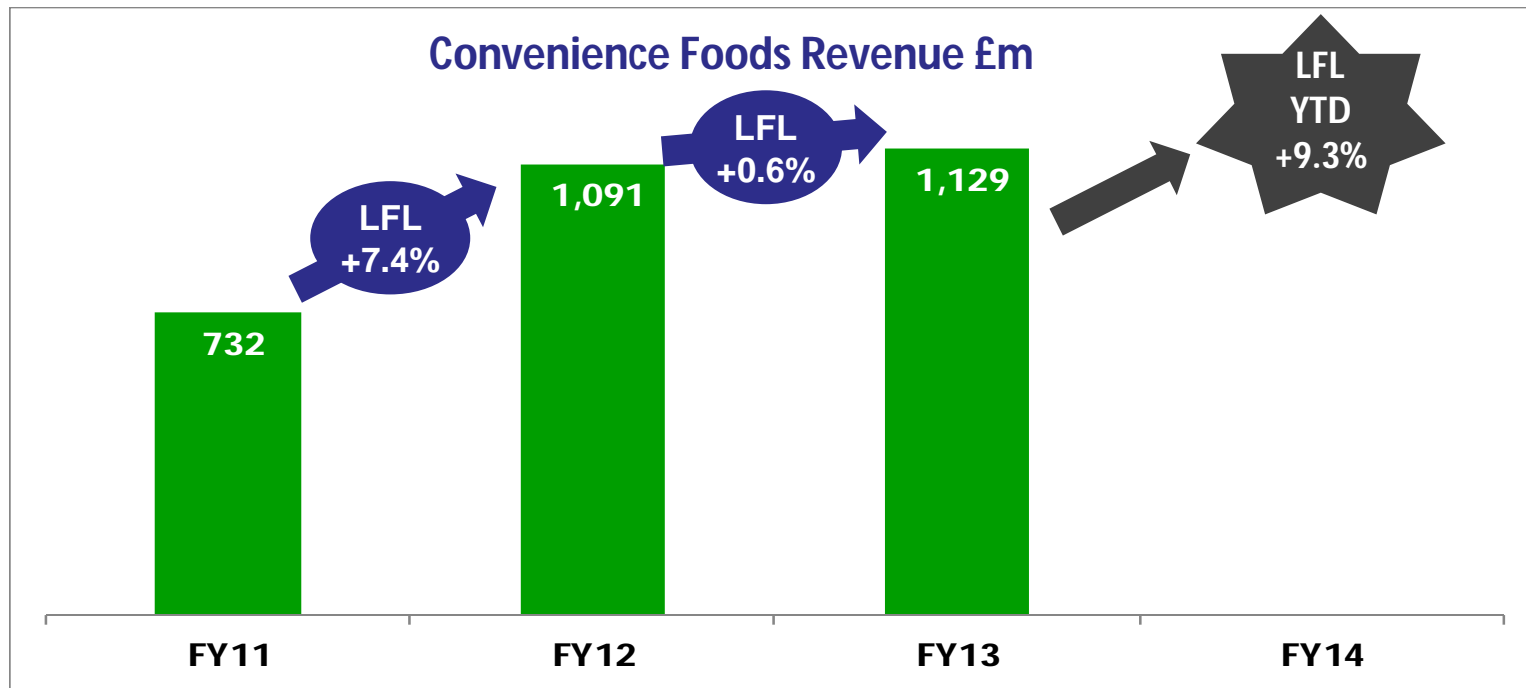
# PERFORMANCE AGAINST OUR GOALS

1

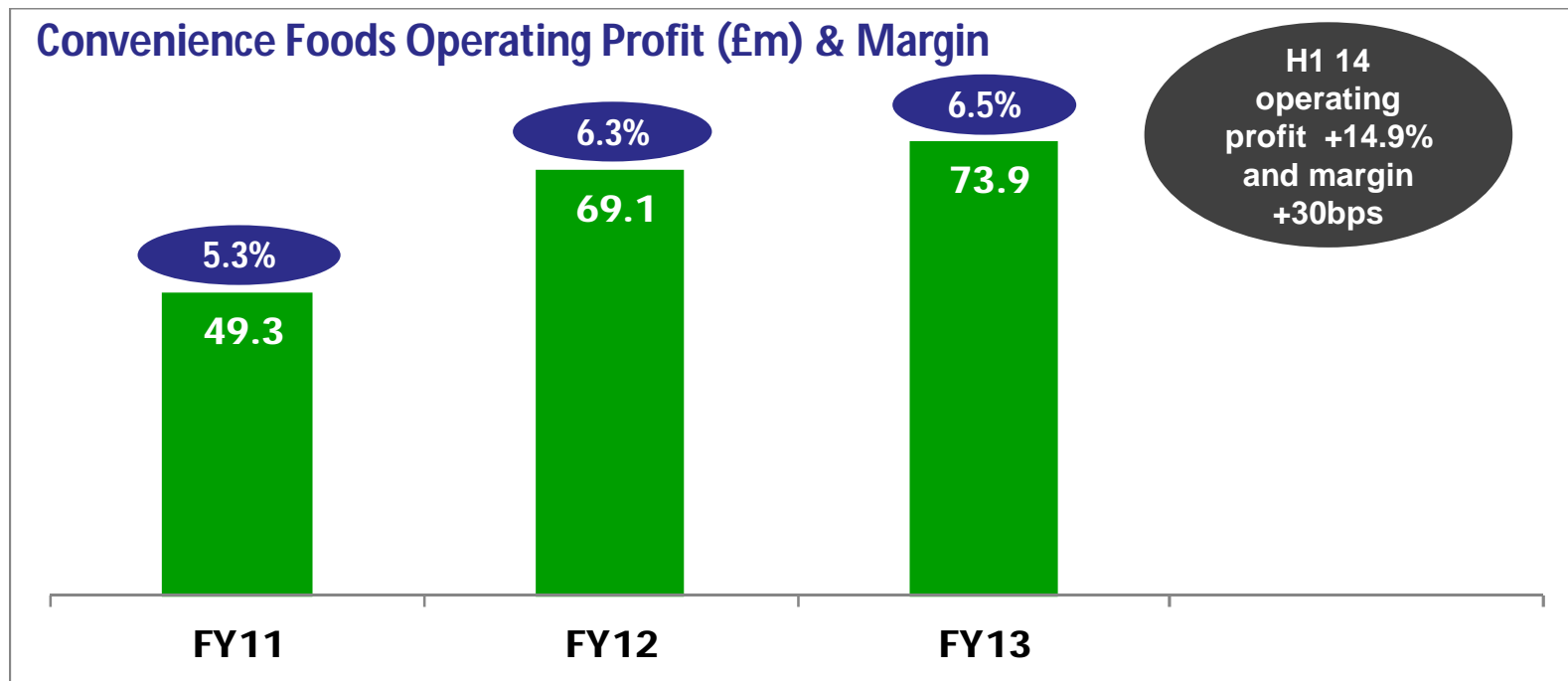
Revenue\*



LFL growth of > 5%



# PERFORMANCE AGAINST OUR GOALS



\*Convenience Foods Operating Profit and margin before exceptional items and acquisition related amortisation.  
FY11 margin shown on a pro-forma basis – Includes full year of Uniq earnings

# PERFORMANCE AGAINST OUR GOALS

3

Interest & Tax



Continued Reduction

- Bank interest lower due to reduction in net debt despite acquisition activity and capital investment
- Low single digit ETR and minimal cash tax principally due to Uniq tax attributes

4

Substantial improvement in free cash generation potential

Operating Cashflow

FY11  
£23.1m

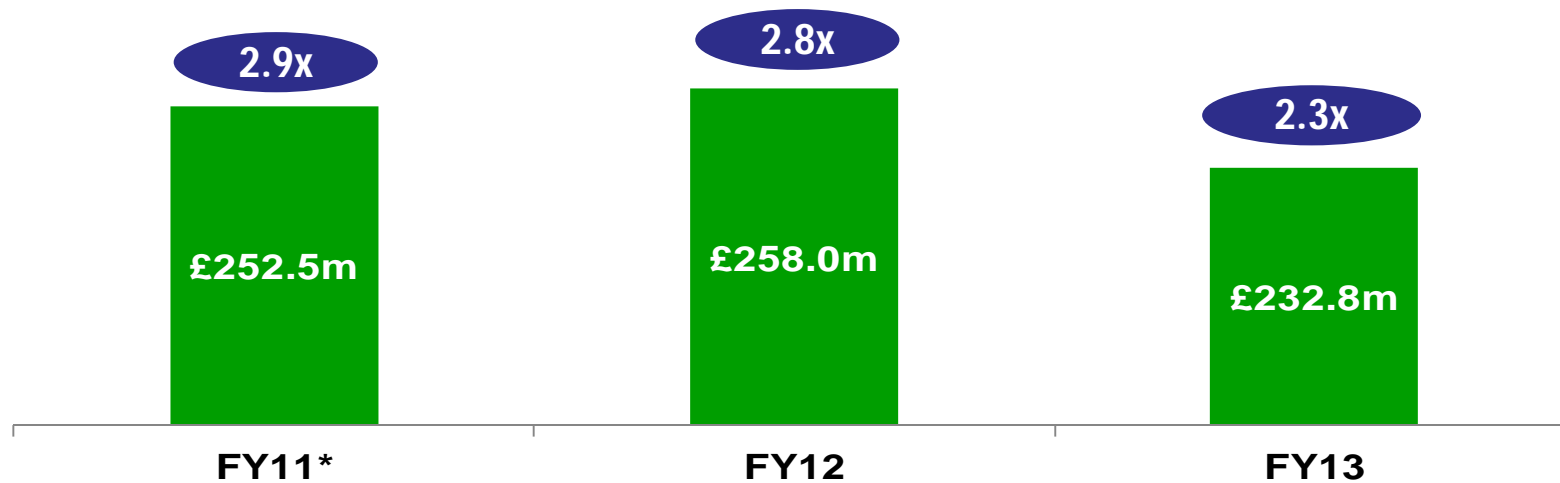


FY13  
£61.8m

# PERFORMANCE AGAINST OUR GOALS

5

Targeted reduction in net debt/EBITDA leverage to 2.0 – 2.5 times



On track to achieve further reduction in leverage in FY14

\*FY11 Net Debt shown on a pro-forma basis – adjusted to reflect consideration paid for Uniq

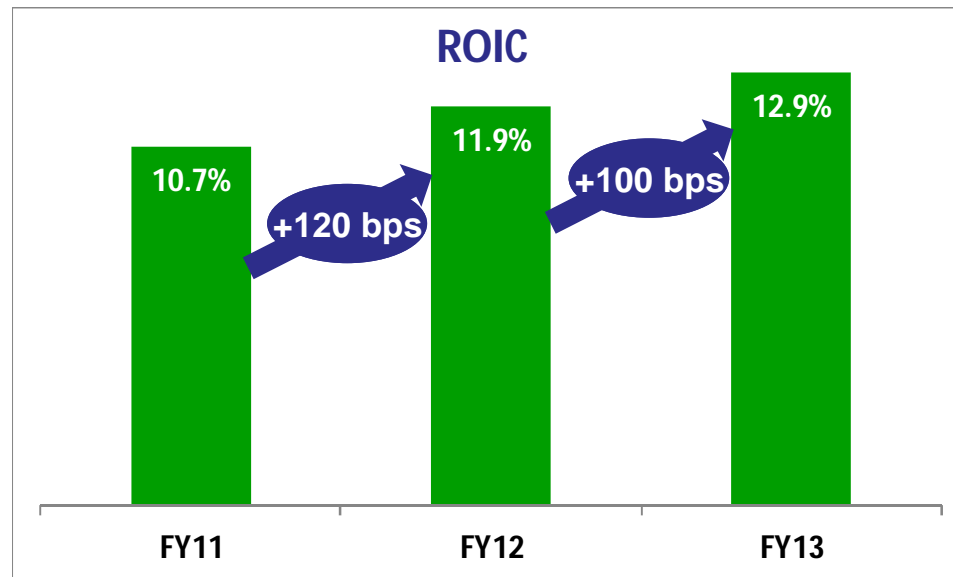
# PERFORMANCE AGAINST OUR GOALS

6

ROIC



Return > 12%



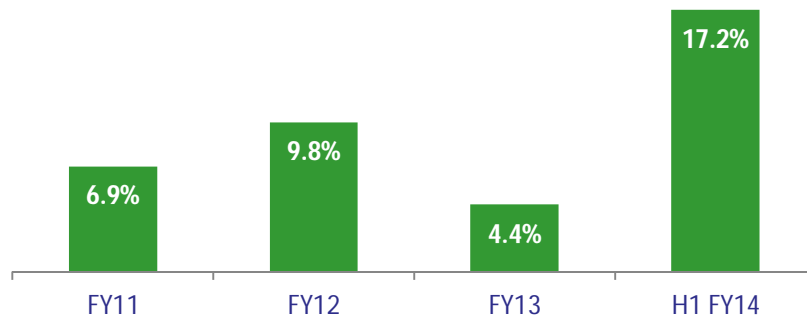
ROIC increase despite investments in capital and M&A activity



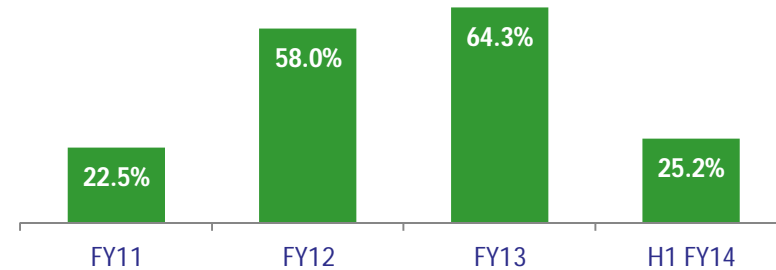
# FOOD TO GO LED STRATEGY – FINANCIAL PERSPECTIVE



Revenue Growth - UK Food to Go



Revenue Growth - US Food to Go



- 1 Continued strong growth in the UK and a platform to materially grow our US business leading to strong operating leverage
- 2 Move to longer term, multi-year supply arrangements
- 3 Ability to add value beyond food through distribution solutions, category management and manufacturing asset alignment
- 4 Ongoing building and transfer of food to go capability across the Group

Attractive return on capital employed

FY11 and FY12 revenue growth excludes impact of 53<sup>rd</sup> week in FY11  
FY12 UK Food to Go growth shown on a pro-forma basis - assumes Uniq had formed part of the Group in FY11

# IMPLICATIONS OF OUR FOOD TO GO LED STRATEGY - CAPITAL

## Capital

- Increased focus on growth capex to fund customer initiatives
  - Northampton
  - Jacksonville
  - Quonset
- Supplemented by selective M&A activity
- Working capital neutral
- Expect to be cash tax paying by FY17 - Income Statement effective tax rate will increase first

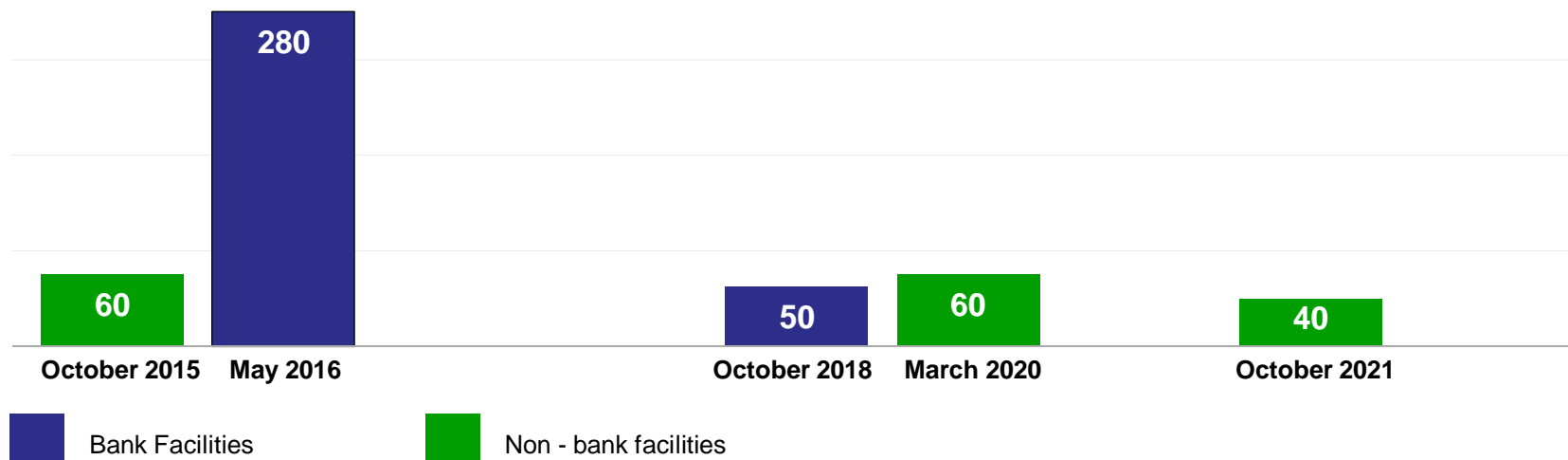


# IMPLICATIONS OF OUR FOOD TO GO LED STRATEGY - FINANCING

## Financing

- Business remains highly cash generative
  - Potential modest increase in net debt in near term
  - Underlying leverage will continue to decline
- Existing committed facilities of £490m sufficient
- Primary bank facility to be renewed in FY15
- Dividend policy maintained

### Committed Facilities £m



# FINANCIAL GOALS



## Key Metrics

## Goal

## Rationale

Revenue

5% LFL

- Food to Go market unit volume growth in UK and US
- Underpinned by customer specific initiatives

Operating Margin

Maintain above 6%

- Sustain UK margin
- Bring US to UK operating margin level
- Reinvest behind customer growth initiatives

ROIC

Maintain above 13%

- Near term 'plateauing' driven by new factory investments
- Maintenance of margin together with efficient balance sheet management

Leverage

1.5 – 2.0x net debt/ EBITDA

- Strong operating cash generation leading to declining underlying leverage
- Capacity investments and M&A may result in temporary increases

\* Revenue and Operating profit for Convenience Foods division. Operating Profit before exceptional items and acquisition related amortisation

## Today we have:

- Described evolution of our business since 2011
- Set out the strategy and performance drivers of our business
- Provided a deep dive into our two Food to Go businesses
- Reported against the financial goals set in March 2012
- Outlined key elements of our financial strategy

Q&A



greencore

bringing  
**convenience**  
to good food

