22 May 2018

Good underlying revenue growth
Refined US strategy

Greencore Group plc ('Greencore' or the 'Group'), a leading manufacturer of convenience food in the UK and US, today issues its interim results for the 26 weeks ended 30 March 2018.

HIGHLIGHTS

- Strong underlying revenue growth in both the UK and the US
- Profit growth impacted in particular by previously announced challenges in the original part of the US business
- Reviewed and refined US strategy and organisation
- Improving cash generation as strategic capital expenditure normalises
- FY18 EPS guidance reiterated

SUMMARY FINANCIAL PERFORMANCE[1]

	H1 18 £m	**H1 17 £m**	**Change**
Group Revenue	1,238.5	1,010.3	+22.6%
Adjusted EBITDA	86.5	79.1	+9.4%
Adjusted Operating Profit	59.7	55.3	+8.0%
Adjusted Operating Margin	4.8%	5.5%	-70bps
Adjusted Profit Before Tax	47.2	44.7	+5.6%
Adjusted EPS (pence)	5.5	6.3	-12.7%
Interim dividend per share (pence)	2.20	2.10	+4.8%
Exceptional Items (pre-tax)	(53.1)	(22.9)	
Exceptional Items (post-tax)	(28.2)	(20.5)	
Group Operating (Loss)/Profit	(4.4)	24.5	
(Loss)/Profit before taxation	(18.1)	11.7	
Basic EPS (pence)	0.3	1.7	-82.4%
Operating Cash Flow	32.7	24.3	+£8.4m
Net debt	(522.2)	(556.6)	-£34.4m
Net debt:EBITDA as per financing agreements	2.5x	2.7x	

Commenting on the results, Patrick Coveney, Chief Executive Officer, said:
"The first half of FY18 has been challenging for Greencore and its shareholders. While we delivered strong revenue growth in both the UK and US, profit growth was impacted by the challenges experienced in the original part of Greencore's US division. As a result of the significant strategic, network and organisational measures that we have taken in order to address these challenges, we believe that our US business is now much better positioned to deliver an improved performance in the second half of the year and beyond. We anticipate strong organic growth for the remainder of FY18".

---

[1] The Group uses Alternative Performance Measures ('APMs') which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole. These APMs along with their definitions are provided in Note 16
[2] Market/category growth rates are based on various Nielsen data for the 26 weeks to 24 March 2018 and 21 April 2018

STRATEGIC DEVELOPMENTS

Convenience Foods UK & Ireland

- Deepened the Group's leadership position in the food to go category by further expanding the sole supply partnership model and extending contractual arrangements, whilst continuing to develop new channel and product opportunities
- Initiated key restructuring and change programmes in H1 focusing on indirect and overheads reduction and an investment in a new operational effectiveness programme
- Normalised strategic investment activity in the division during H1 after a phase of increased spending in FY16 and FY17 to support growth in the division. The key remaining project is the refurbishment and extension of the Group's largest ready meals facility in Warrington which progressed well in the period
- Continued optimisation of the UK portfolio with the disposal of the Group's cakes and desserts business which together with the planned closure of the desserts manufacturing business announced in FY17, marks Greencore's exit from the UK cakes and desserts sector

Convenience Foods US

- Refined and refocussed strategy around (i) capitalising on growth opportunities in value added, assembly-led manufacturing with its Branded Food Partners and (ii) improving operational performance and efficiencies in assets dedicated to Retail Partners
- Enhanced the US leadership team
- Production ceased at the Rhode Island facility on 25 March, and after reviewing available options, this facility will now be divested in due course. The Minneapolis and Jacksonville facilities are being incorporated into the network serving Branded Food Partners
- Continued progress with the commercial pipeline, now focussed on opportunities with existing and new Branded Food Partners

OUTLOOK

The Group anticipates good organic growth in the seasonally more significant second half of the financial year. UK profit conversion will be driven by strong year on year performance in Food to Go and US profitability will be supported by strong year on year performance in the former Peacock Foods business.

The Group reiterates its FY18 guidance of Adjusted EPS in the range of 14.7p-15.7p. Underlying cash generation continues to strengthen, as the Group progresses towards its benchmark leverage ratio of approximately 2x Net Debt to EBITDA.

Forward-looking statements

Certain statements made in this document are forward-looking. These represent expectations for the Group's business, and involve risks and uncertainties. The Group has based these forward-looking statements on current expectations and projections about future events. These forward-looking statements may generally, but not always, be identified by the use of words such as "will", "anticipates", "should", "expects", "is expected to", "estimates", "believes", "intends" or similar expressions.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future and reflect the Group's current expectations and assumptions as to such future events and circumstances that may not prove accurate. A number of material factors could cause actual results and developments to differ materially from those expressed or implied by forward-looking statements. You should not place undue reliance on any forward-looking statements. These forward-looking statements are made as of the date of this interim results statement. The Group expressly disclaims any obligation to update these forward-looking statements other than as required by law.

PRESENTATION
A presentation of the results for analysts and institutional investors will take place at 8.30am today at the Lincoln Centre, 18 Lincoln's Inn Fields, London, WC2A 3ED.

This presentation can also be accessed live from the Investor Relations section on www.greencore.com or alternatively via conference call.

Conference call:	
Ireland number:	+353 (0)1 246 5638
UK number:	+44 (0)330 336 9105
US number:	+1 323 794 2093
Confirmation code:	9815675

A replay of the presentation will be available on www.greencore.com and also through a 7 day conference call replay facility.

Ireland replay number:	+353 (0)1 533 9810
UK replay number:	+44 (0)207 660 0134
US replay number:	+1 719 457 0820
Replay code:	9815675

For further information, please contact:

Patrick Coveney	Chief Executive Officer	Tel: +353 (0) 1 486 3313
Eoin Tonge	Chief Financial Officer	Tel: +353 (0) 1 486 3316
Jack Gorman	Head of Investor Relations	Tel: +353 (0) 1 486 3308
Rob Greening or Sam Austrums	Powerscourt	Tel: +44 (0) 20 7250 1446
Billy Murphy or Louise Walsh	Drury | Porter Novelli	Tel: +353 (0) 1 260 5000

About Greencore
Greencore is a leading international producer of convenience foods. Headquartered in Dublin, it employs approximately 15,000 people in 29 manufacturing facilities across the UK and the US. On average, it manufactures around 1.5 billion sandwiches, over 600m salad and lunch kits, and 140 million ready meals every year.

In the UK, it is a supplier of own-label convenience food products to all of the major UK supermarkets, and has world-class manufacturing sites with industry-leading technology and supply chain capabilities. It has strong market positions across sandwiches and other food to go products as well as complementary positions in other convenience food categories, including chilled prepared meals, chilled soups and sauces, ambient sauces and pickles, desserts and Yorkshire Puddings.

In the US, Greencore is a leading manufacturer of convenience food products for many of the largest food brands, convenience retail and food service leaders in the US. It produces a wide range of fresh, frozen and ambient products including sandwiches, meal kits and salad kits. It has a well invested network of high quality, scale facilities which supports the Group's ambitions to grow in value added, assembly-led, convenience food manufacturing.

For more information go to www.greencore.com or follow Greencore on social media.

OPERATING REVIEW[1,2]

Convenience Foods UK & Ireland

	H1 18 £m	H1 17 £m	Change (As reported)	Change (Pro forma basis)
Revenue	734.9	685.7	+7.2%	+8.2%
Adjusted Operating Profit	47.1	46.8	+0.6%	
Adjusted Operating Margin	6.4%	6.8%	-40bps	

Strategic Developments
In H1 18 the Group deepened its leadership position in the food to go category, both by extending several long-term partnership agreements with key customers, expanding the scope of the sole supply model and by securing new business wins. The Group's market share of sandwiches in the UK grocery channel remains strong at 60%.

The streamlining and efficiency programme that was announced in November 2017 is expected to deliver annualised gross benefits of up to £15m and will help underpin operating leverage progression during the second half of this year and into FY19. The Group incurred exceptional costs of £9.6m on this overall programme in the period.

The scale of strategic investment activity in this division normalised during H1 after a phase of increased spending in FY16 and FY17 to support future growth. The key remaining project, the refurbishment and extension of the Group's largest ready meals facility in Warrington, progressed well in the period and is expected to complete by the end of financial year. This will provide the Group with a centre of excellence in fresh Italian meals at a time when supply chains continue to consolidate in the fresh ready meals sector.

The Group continued to refine its business portfolio in the UK. In February the Group sold its cakes and desserts business in Hull to Bright Blue Foods Ltd. The planned closure of the desserts manufacturing facility in Evercreech has also proceeded to plan and is expected to complete in the summer of 2018. Together these initiatives mark Greencore's exit from the UK cakes and desserts sector.

The UK food and grocery market continues to evolve and Greencore remains a leading player within the convenience food segment. The Group will continue to evaluate further growth opportunities as the market develops.

Divisional Performance
Reported revenue in the Convenience Foods UK & Ireland division increased by 7.2% to £734.9m in what continues to be a challenging trading environment. Pro forma revenue grew by 8.2%, reflecting continued volume growth in the Food to Go business and increased pricing in the other parts of the division. Adjusted Operating Profit increased marginally to £47.1m as volume growth particularly in the Food to Go business was offset by the residual impact of commercial investments made in the ready meals business during FY17, and adverse weather. Largely as a result of these factors, Adjusted Operating Margin in the period fell by 40bps to 6.4%.

Food to Go
Food to Go comprises sandwich, sushi and salad activities and accounted for over 55% of divisional revenue in H1 18. Reported revenue grew by 10.0% and pro forma revenue grew by 9.5%. This performance was driven by underlying category growth, the incremental impact of previously announced business wins with several customers, and growth in revenue for the distribution of third party products through our Direct to Store network.

The underlying food to go category grew by approximately 3% in the grocery channel in H1 18, notwithstanding a softer Q2 where revenue growth was broadly flat, in line with a slower quarter overall for the UK retail grocery market. The dynamics of the wider food to go market remain favourable and are supported by consumer demand for convenience, snacking and a preference for healthier products. There is also continued customer support for food to go as an incremental, high margin category and the Group is actively supporting the innovation and commercial effectiveness of customers' product ranges through various initiatives. The Group is also benefitting from expanding its product reach and from a broadening channel mix. Recent consolidation in the distribution industry has in particular provided opportunities for new business in the Group's Direct to Store network.

In H1 18 operating profit grew modestly due to higher volumes, offset partly by the impact of adverse weather during Q2. Underlying operating leverage for Food to Go is improving, particularly as the benefits of restructuring and the operational effectiveness programme begin to be realised. These effects will be seen in the more seasonally significant second half of the financial year.

Other UK & Ireland
The other parts of the Convenience Foods UK & Ireland division comprise the ready meals, chilled soups and sauces, cooking sauces, quiche, desserts and Yorkshire Pudding businesses, as well the Irish ingredient trading operations. Reported revenue growth across these businesses was 3.6%, or 6.4% on a pro forma basis. This growth was primarily driven by the ready meals business, with stronger pricing in the period and volume growth supported by several range relaunches and increased store distribution. The Group's cooking sauce business generated a strong revenue performance in a low growth market, driven by increased own label penetration. Good progress was also made in the Group's Irish trading businesses.

Operating profit reduced modestly in this part of the business, with the residual impact of commercial investments made in the ready meals business during FY17 partly offset by a modest overall increase in profit across the rest of the businesses.

UK inflation
Inflation trends in the Group's main UK cost components were broadly as anticipated. Raw material and packaging costs rose by approximately 3% in H1 18, with some signs of stabilisation as the period ended. Labour inflation in the UK was approximately 4% in the first half, primarily due to the ongoing impact of increased National Living Wage levels on the Group's wage structure. The Group continues to recover this inflation through a variety of cost and innovation programmes with customers, and by continued internal cost efficiency initiatives.

Convenience Foods US

	H1 18 £m	H1 17 £m	Change (As reported)	Change (Pro forma basis)
Revenue	503.6	324.6	+55.1%	+5.8%
Adjusted Operating Profit	12.6	8.5	+48.2%	
Adjusted Operating Margin	2.5%	2.6%	-10bps	

Strategic developments

The growth and performance of the Peacock Foods business since its acquisition in December 2016 has reinforced the Group's belief in the opportunity for value added, assembly-led convenience foods manufacturing in the US. However, while fresh product offerings continue to be demanded by all customers, the Group's original business in the US has had a challenging period. While this is due to a variety of factors, it is evidence of the fact that significant scale and efficient supply chains are required for profitable execution.

In this context, the Group has reviewed and refined its US strategy to use the broader network to focus on growth opportunities with Branded Food Partners. This will initially be served by a well invested infrastructure of nine facilities with a footprint of approximately 2.3m sqft, including two of the original network sites in Minneapolis (MI) and Jacksonville (FL). Across the other elements of the network (four facilities with approximately 0.3m sqft) that serve Retail Partners, the immediate priority is on continuing to improve operational performance and asset optimisation. Production at the Rhode Island (RI) facility ceased on 25 March and after reviewing available options, the facility will now be divested in due course.

Progress continues with the overall commercial pipeline, focused in the near term on opportunities with Branded Food Partners for the Jacksonville facility and several facilities in the Midwest region.

As noted in the Group's Business and Trading Update on 13 March 2018, the Group has also enhanced the US leadership team to deliver this strategy.

Divisional Performance

The division reported H1 18 revenue growth of 55.1% to £503.6m, primarily reflecting the acquisition of Peacock Foods in December 2016. On a pro forma basis, revenue grew by 5.8% with volume growth of approximately 6% driven by strong growth in the former Peacock Foods business more than offsetting declines in the original Greencore business.

Revenue in the former Peacock Foods business accounted for over 80% of divisional revenue in the period. In this part of the business, pro forma revenue grew by 15.5% and pro forma volume growth was approximately 12%. Volume growth was driven by a combination of category growth and new business wins that were secured over the course of FY17, in particular a large contract win with a key customer in the lunch kits category. The key categories in which this part of the business operates performed well during the first half, notably lunch kits (+3.4% value, +2.3% volume), frozen breakfast sandwiches (+5.2% value, +5.1% volume) and salad kits (+12.5% value, +13.0% volume).

Pro forma revenue and volume declines in the original Greencore part of the business were 23.7% and approximately 25% respectively. This was largely driven by the previously announced contract loss in the Group's Jacksonville (FL) facility towards the end of FY17.

Adjusted Operating Profit increased by 48.2% to £12.6m in the division. The extra quarter of Peacock Foods would have contributed approximately £9m in the prior year period and foreign exchange translation movements reduced Adjusted Operating Profit by just over £1m. On an underlying basis, the strong pro forma volume growth and good operational performance in the former Peacock Foods business was more than offset by the volume declines in the original Greencore business, increased operating losses in Rhode Island before closure and increased overheads as the Group invested for growth. The impact of volume declines in Jacksonville and increased losses in Rhode Island accounted for approximately £6m of the decline.

During the period the Group decided to exit production at the Rhode Island (RI) facility to address the operating losses that had continued and increased in H1 18. An exceptional charge was incurred in H1 18 comprising the impairment of the carrying value of the asset and costs associated with closure. The cash costs relating to this exceptional are expected to be £1.5m.

Inflation

Labour inflation in the US was approximately 5% in the period and continues to be mitigated by various cost efficiency initiatives, contractual recovery mechanisms, and pricing with customers.

<u>Group Cash Flow and Returns</u>

	H1 18 £m	H1 17 £m	Change
Operating Cash Flow	32.7	24.3	+8.4m
Net Debt	(522.2)	(556.6)	+34.4m
Net Debt:EBITDA as per financing agreements	2.5x	2.7x	-

Strategic developments
The Group reduced the trajectory of capital spend during the period, after a phase of significant investment through FY16 and FY17 to support future growth. This decrease in capex, supported by an increase in Operating Cash Flow, underpinned a substantial reduction in Net Debt year on year.

Performance
Operating Cash Flow is used to measure the Group's net generation of cash through business operations. The Group calculates this measure as the net cash flow from operating and investing activities before strategic capital expenditure, contributions to legacy defined benefit pension schemes, interest paid, tax paid, and acquisitions and disposals. Operating Cash Flow was £32.7m in H1 18, compared to £24.3m in H1 17. This increase was driven by increased Adjusted EBITDA and reduced exceptional cash outflows offset by a modest increase in working capital. Maintenance capital expenditure declined by £1.6m to £15.5m in the period, notwithstanding the additional quarter of Peacock Foods. Working capital outflows were £26.2m in the first half, in line with normal seasonal trends.

Strategic capital expenditure reduced significantly and totalled £14.5m (H1 17: £43.2m), as commercial investment activity began to moderate. Interest costs increased and cash tax continued to be very low. Net debt was £522.2m at the end of the period, a reduction of £34.4m in the twelve month period, and broadly unchanged from debt levels at the end of FY17.

Return on Invested Capital ('ROIC') for the 12 months ended 30 March 2018, was 9.7% and compares with FY17 ROIC of 12.2%. This primarily reflects the full year dilutive effect of the addition of Peacock Foods and an increased tax rate.

The Group anticipates cash generation and returns to improve through the second half of FY18 and beyond.

Capital management
The Group continues to focus on capital management, balancing the ongoing strategic needs of the business, leverage reduction and a progressive dividend policy.

In the period, the Group continued to strengthen its balance sheet. In December the Group extended the maturity of its $249m committed bank facility by one year to December 2022. The Group remains well financed with committed facilities of £707m at the end of the fiscal year and a weighted average maturity of 4.1 years.

The Group's net debt:EBITDA leverage as measured under financing agreements was 2.5x at the end of the first half, compared to 2.7x at the equivalent period of the prior year and 2.4x at the end of September 2017. Underlying cash generation continues to strengthen, as the Group progresses towards its benchmark leverage ratio of approximately 2x Net Debt to EBITDA.

The Group is announcing an interim dividend of 2.20 pence per share, a 4.8% increase on the 2.10 pence dividend in H1 17.

FINANCIAL REVIEW[1]

Revenue and Operating Profit
Reported revenue in the year was £1,238.5m, an increase of 22.6% versus H1 17. Adjusted Operating Profit of £59.7m was 8.0% higher than in H1 17, primarily driven by the acquisition of Peacock Foods. Adjusted Operating Margin was 4.8%, 70 basis points below the prior year, due primarily to the investments in the UK ready meals business and the increased proportion of Group profits generated in the lower margin US division.

The average exchange rates for the period were £1 = $1.3687 and €1.1311 (H1 17: £1 = $1.2428 and €1.1645). The Group now has increased exposure to GBP/USD foreign exchange translation movements as a result of the Peacock Foods acquisition.

Acquisition related intangibles
The Group recognised an amortisation charge of £11.0m on acquisition related intangible assets, up from £7.9m in the prior year period. The increase reflects the additional amortisation charge relating to intangible assets, primarily customer relationships, recognised on the acquisition of Peacock Foods in December 2016.

Finance charge
The Group's bank interest payable in H1 18 was £12.9m, an increase of £1.8m versus H1 17 driven by higher average net debt primarily as a result of the Peacock Foods acquisition. £0.3m of interest on major projects was capitalised during the period (H1 17: £0.9m).

The Group's non-cash finance charge in H1 18 was £1.3m (H1 17: £2.2m). The change in the fair value of derivatives and related debt adjustments was a non-cash credit of £0.6m (H1 17: £0.1m charge) reflecting the FX movement on balances where hedge accounting is not applied. The non-cash pension financing charge of £1.7m was £0.3m lower than the H1 17 charge of £2.0m. The Group recorded a £0.2m charge in respect of the movement in the present value of assets and liabilities compared to a £0.1m charge in H1 17.

Taxation
The Group's effective tax rate in H1 18 (including the tax impact associated with pension finance items) was 11% (H1 17: 8%). The rate has been low as a result of the benefit of tax attributes including those acquired as part of the Uniq plc acquisition. Substantially all UK tax attributes have now been recognised on the balance sheet such that there is no further rate benefit in the current year, nor expected in the future. The Group has also recognised US tax attributes to the extent that those losses are expected to be available to the Group to offset taxable profits in the short to medium term.

The effective tax rate of the Group is expected to rise in the medium term to a rate representative of a blended rate for the jurisdictions in which the Group operates. There is a degree of uncertainty over the level of this rate, due to a combination of factors including US tax reform, Base Erosion and Profit Shifting ('BEPS') actions and the impact of Brexit on levels of UK taxation.

The effective tax rate applicable to Adjusted Earnings in H1 18 was 15% compared with 13% in H1 17. When calculating the effective tax rate applicable to Adjusted Earnings, the tax charge excludes the tax effect of those items which are excluded from Adjusted Earnings. These items attract different tax rates depending on the applicable tax rate in the relevant jurisdiction. This results in a different effective tax rate applicable to Adjusted Earnings, as compared to the Group's effective tax rate.

Cash tax continues to be low as the Group utilises historical tax attributes in both the UK and the US. The cash tax rate in the period was 0.0% (H1 17: 0.0%). The cash tax rate for the Group is expected to rise modestly in the near term as a result of increased profitability and a reduction in the degree to which UK losses may be utilised in any one year. Overall it is expected to stay low for the medium term.

Exceptional items
The Group incurred a pre-tax exceptional charge of £53.1m in the first half of the year. The after tax charge was £28.2m.
The cash outflow associated with these charges is £16.6m, with £10.7m of this spent in the first half of the year. The overall charge is comprised as follows:

	Exceptional item £m	Cashflow: H1 18 £m
US network rationalisation: primarily the impairment of the carrying asset value of the Rhode Island facility	(25.8)	(0.2)
Business exit costs: relating to the loss on disposal of the Group's cakes and desserts business in Hull	(15.0)	(1.1)
Integration and reorganisation costs: comprising £9.6m in the UK and £2.0m in the US	(11.6)	(8.7)
Pre-commissioning and start up costs: relating to the ready meals facility in Warrington	(0.7)	(0.7)
Total exceptional items pre-tax	**(53.1)**	**(10.7)**
Tax credit on exceptional charges	4.3	-
Tax credit on US rate change: reflecting the revaluation of the Group's deferred tax assets and liabilities	20.6	-
Total exceptional items	**(28.2)**	**(10.7)**

Earnings per share
Adjusted Earnings of £38.7m in the period were 2.4% above prior year levels. Adjusted earnings per share of 5.5 pence was 12.7% behind H1 17 which reflects the increased number of shares in issue as a result of the rights issue. Basic earnings per share was 0.3 pence (H1 17: 1.7 pence). The weighted average number of shares in issue in H1 18 was 703.0m (H1 17: 603.4m).

Operating Cash Flow and Net Debt
Operating Cash Flow was £32.7m in H1 18, an increase of £8.4m driven by increased Adjusted EBITDA, offset by increases in working capital and impact of exceptional cash outflows. Adjusted EBITDA grew by 9.4% to £86.5m driven primarily by the additional quarter's contribution from the acquisition of Peacock Foods. A working capital outflow of £26.2m was incurred. Group capital expenditure of £30.0m was incurred in the first half (H1 17: £60.3m), driven by reduced levels of strategic expenditure in the Food to Go business in particular. The total cash outflow during the period in respect of exceptional charges was £13.3m (H1 17: £19.5m), of which £2.6m was in respect of prior year exceptional charges.

The Group's net debt was £522.2m at 30 March 2018, a reduction of £34.4m in the twelve month period, and £3.0m higher than net debt at the end of FY17.

Financing
The Group continued to strengthen its capital structure during the first half. In December the Group extended the maturity of its $249m committed bank facility by one year to December 2022. The Group remains well financed with committed facilities of £707m at the end of the fiscal year and a weighted average maturity of 4.1 years.

Pensions
All legacy defined benefit pension schemes are closed to future accrual and the Group's pension policy with effect from 1 January 2010 is that future service for current employees and new entrants is provided under defined contribution pension arrangements.

The net pension deficit relating to legacy defined pension schemes (before related deferred tax) at 30 March 2018 was £107.6m, compared to £124.8m at 29 September 2017. The net pension deficit after related deferred tax was £89.0m, a decrease of £14.1m from 29 September 2017. The decrease in net pension deficit was driven principally by a reduction in UK scheme liabilities.

The valuations and funding obligations of the Group's legacy defined benefit pension schemes are assessed on a triennial basis with the relevant trustees. Following the most recent reviews, including the latest agreed actuarial valuation for the Greencore UK Defined Benefit Pension Scheme, the Group expects the annual cash funding requirement for defined benefit pension schemes to remain unchanged at approximately £15m.

Principal risks and uncertainties
There are a number of potential risks and uncertainties which could have a material impact on future Group performance and could cause actual results to differ materially from expected and historical results. The Board considers the risks and uncertainties as described on pages 26 to 29 of the Annual Report and Accounts for the year ended 29 September 2017 issued on 28 November 2017, to remain applicable in the second half of the year. These risks are as follows:

Strategic risks
Competitor activity
Growth and change

Commercial risks
Changes in consumer behaviour and demand
Key customer relationships and grocery industry structure
Raw material and input cost inflation

Operational risks
Food industry regulations
Product contamination
Health and safety
Disruption of day to day group operations
Recruitment and retention of key personnel
Labour availability and cost
IT systems and cyber risk

Financial and other risks
Interest rates, foreign exchange rates, liquidity and credit
Employee retirement obligations
Taxation

P.G. Kennedy, Chairman
21 May 2018

HALF YEARLY FINANCIAL REPORT
For the half year ended 30 March 2018

GROUP CONDENSED INCOME STATEMENT
for the half year ended 30 March 2018

	Notes	**Half Year ended 30 March 2018 (Unaudited)** Pre – exceptional £m	Exceptional (Note 5) £m	Total £m	Half Year ended 31 March 2017 (Unaudited) Pre – exceptional £m	Exceptional (Note 5) £m	Total £m
Revenue	3	**1,238.5**	-	**1,238.5**	1,010.3	-	1,010.3
Cost of sales		**(890.4)**	-	**(890.4)**	(716.6)	-	(716.6)
Gross profit		**348.1**	-	**348.1**	293.7	-	293.7
Operating costs, net		**(288.4)**	**(53.1)**	**(341.5)**	(238.4)	(22.9)	(261.3)
Group operating profit/(loss) before acquisition related amortisation	3	**59.7**	**(53.1)**	**6.6**	55.3	(22.9)	32.4
Amortisation of acquisition related intangibles		**(11.0)**	-	**(11.0)**	(7.9)	-	(7.9)
Group operating profit/(loss)	3	**48.7**	**(53.1)**	**(4.4)**	47.4	(22.9)	24.5
Finance income	11	**0.1**	-	**0.1**	-	-	-
Finance costs	11	**(14.3)**	-	**(14.3)**	(13.3)	-	(13.3)
Share of profit of associates after tax		**0.5**	-	**0.5**	0.5	-	0.5
Profit/(loss) before taxation		**35.0**	**(53.1)**	**(18.1)**	34.6	(22.9)	11.7
Taxation	6	**(3.8)**	**24.9**	**21.1**	(2.7)	2.4	(0.3)
Profit for the financial period		**31.2**	**(28.2)**	**3.0**	31.9	(20.5)	11.4
Attributable to:							
Equity shareholders		**30.0**	**(28.2)**	**1.8**	30.9	(20.5)	10.4
Non-controlling interests		**1.2**	-	**1.2**	1.0	-	1.0
		31.2	**(28.2)**	**3.0**	31.9	(20.5)	11.4
Earnings per share (pence)							
Basic earnings per share	8			**0.3**			1.7
Diluted basic earnings per share	8			**0.3**			1.7

HALF YEARLY FINANCIAL REPORT
For the half year ended 30 March 2018

GROUP CONDENSED STATEMENT OF RECOGNISED INCOME AND EXPENSE
for the half year ended 30 March 2018

Items of income and expense taken directly to equity	**Half Year ended 30 March 2018 (Unaudited) £m**	Half Year ended 31 March 2017 (Unaudited) £m
Items that will not be reclassified to profit or loss:		
Actuarial gain on Group legacy defined benefit pension schemes	**11.3**	27.1
Tax on Group legacy defined benefit pension schemes	**(2.2)**	(4.1)
	9.1	23.0
Items that may subsequently be reclassified to profit or loss:		
Currency translation adjustment	**(33.1)**	0.7
Tax on currency translation adjustment	**-**	(0.2)
Hedge of net investment in foreign currency subsidiaries	**17.3**	(1.7)
Cash flow hedges:		
fair value movement taken to equity	**0.5**	(0.6)
transfer to Income Statement for the period	**1.2**	1.4
	(14.1)	(0.4)
Net (expense)/income recognised directly within equity	**(5.0)**	22.6
Group profit for the financial period	**3.0**	11.4
Total recognised income and expense for the financial period	**(2.0)**	34.0
Attributable to:		
Equity shareholders	**(3.2)**	33.1
Non-controlling interests	**1.2**	0.9
Total recognised income and expense for the financial period	**(2.0)**	34.0

HALF YEARLY FINANCIAL REPORT
For the half year ended 30 March 2018

GROUP CONDENSED BALANCE SHEET
as at 30 March 2018

	Notes	**March 2018 (Unaudited) £m**	September 2017 (Audited) £m
ASSETS			
Non-current assets			
Goodwill and intangible assets	9	**1,038.1**	1,077.6
Property, plant and equipment	9	**448.4**	485.7
Investment property	9	**6.3**	6.3
Investments in associates		**1.7**	1.2
Retirement benefit assets	14	**13.6**	17.3
Deferred tax assets		**66.8**	93.5
Total non-current assets		**1,574.9**	1,681.6
Current assets			
Inventories		**78.8**	81.9
Trade and other receivables		**252.4**	254.8
Derivative financial instruments	11	**0.1**	0.3
Cash and cash equivalents	11	**20.2**	19.8
Total current assets		**351.5**	356.8
Total assets		**1,926.4**	2,038.4
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	10	**7.1**	7.1
Share premium		**649.8**	647.8
Reserves		**22.8**	50.7
		679.7	705.6
Non-controlling interests		**6.4**	5.2
Total equity		**686.1**	710.8
LIABILITIES			
Non-current liabilities			
Borrowings	11	**542.4**	539.0
Derivative financial instruments	11	**8.6**	14.3
Retirement benefit obligations	14	**121.2**	142.1
Other payables		**9.8**	11.9
Provisions for liabilities	12	**28.9**	29.8
Deferred tax liabilities		**67.4**	111.5
Total non-current liabilities		**778.3**	848.6
Current liabilities			
Derivative financial instruments	11	**0.3**	-
Trade and other payables		**445.5**	460.3
Provisions for liabilities	12	**8.5**	8.4
Current tax payable		**7.7**	10.3
Total current liabilities		**462.0**	479.0
Total liabilities		**1,240.3**	1,327.6
Total equity and liabilities		**1,926.4**	2,038.4

HALF YEARLY FINANCIAL REPORT
For the half year ended 30 March 2018

GROUP CONDENSED CASH FLOW STATEMENT
for the half year ended 30 March 2018

	Half Year ended 30 March 2018 (Unaudited) £m	Half Year ended 31 March 2017 (Unaudited) £m
(Loss)/profit before taxation	**(18.1)**	11.7
Finance income	**(0.1)**	-
Finance costs	**14.3**	13.3
Share of profit of associates after tax	**(0.5)**	(0.5)
Exceptional items	**53.1**	22.9
Operating profit (pre-exceptional)	**48.7**	47.4
Depreciation	**24.4**	21.5
Amortisation of intangible assets	**13.4**	10.2
Employee share-based payment expense	**1.3**	2.1
Contributions to legacy defined benefit pension schemes	**(7.9)**	(4.7)
Working capital movement	**(26.2)**	(20.2)
Other movements	**(0.1)**	(0.1)
Net cash inflow from operating activities before exceptional items	**53.6**	56.2
Cash outflow related to exceptional items	**(13.3)**	(19.5)
Interest paid	**(13.1)**	(10.5)
Tax paid	**(0.2)**	(0.1)
Net cash inflow from operating activities	**27.0**	26.1
Cash flow from investing activities		
Purchase of property, plant and equipment	**(27.6)**	(49.4)
Purchase of intangible assets	**(2.4)**	(10.9)
Acquisition of undertakings, net of cash acquired	**-**	(604.6)
Disposal of undertakings	**-**	2.5
Net cash outflow from investing activities	**(30.0)**	(662.4)
Cash flow from financing activities		
Proceeds from issue of shares	**0.2**	427.0
Ordinary shares purchased – own shares	**(2.1)**	(7.2)
Drawdown of bank borrowings	**19.2**	197.7
Decrease in finance lease liabilities	**(1.1)**	(0.2)
Dividends paid to equity holders of the Company	**(13.0)**	(6.1)
Net cash inflow from financing activities	**3.2**	611.2
Net increase/(decrease) in cash and cash equivalents	**0.2**	(25.1)
Reconciliation of opening to closing cash and cash equivalents		
Cash and cash equivalents at beginning of period	**19.8**	25.5
Translation adjustment	**0.2**	(0.6)
Net increase/(decrease) in cash and cash equivalents	**0.2**	(25.1)
Cash and cash equivalents at end of period	**20.2**	(0.2)

HALF YEARLY FINANCIAL REPORT
For the half year ended 30 March 2018

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY
for the half year ended 30 March 2018

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
At 29 September 2017	**7.1**	**647.8**	**92.2**	**(41.5)**	**705.6**	**5.2**	**710.8**
Items of income and expense taken directly to equity							
Currency translation adjustment	**-**	**-**	**(33.1)**	**-**	**(33.1)**	**-**	**(33.1)**
Net investment hedge	**-**	**-**	**17.3**	**-**	**17.3**	**-**	**17.3**
Actuarial gain on Group legacy defined benefit pension schemes	**-**	**-**	**-**	**11.3**	**11.3**	**-**	**11.3**
Tax charge on Group legacy defined benefit pension schemes	**-**	**-**	**-**	**(2.2)**	**(2.2)**	**-**	**(2.2)**
Cash flow hedges transferred to equity	**-**	**-**	**0.5**	**-**	**0.5**	**-**	**0.5**
Cash flow hedges transferred to Income Statement	**-**	**-**	**1.2**	**-**	**1.2**	**-**	**1.2**
Profit for the financial period	**-**	**-**	**-**	**1.8**	**1.8**	**1.2**	**3.0**
Total recognised income and expense for the financial period	**-**	**-**	**(14.1)**	**10.9**	**(3.2)**	**1.2**	**(2.0)**
Employee share-based payment expense	**-**	**-**	**1.3**	**-**	**1.3**	**-**	**1.3**
Exercise, lapse or forfeit of share-based payments	**-**	**0.2**	**(1.3)**	**1.3**	**0.2**	**-**	**0.2**
Shares acquired by Employee Benefit Trust	**-**	**-**	**(2.2)**	**-**	**(2.2)**	**-**	**(2.2)**
Transfer to Retained Earnings on shares vesting to beneficiaries of the Employee Benefit Trust	**-**	**-**	**2.8**	**(2.8)**	**-**	**-**	**-**
Dividends	**-**	**1.8**	**-**	**(23.8)**	**(22.0)**	**-**	**(22.0)**
At 30 March 2018	**7.1**	**649.8**	**78.7**	**(55.9)**	**679.7**	**6.4**	**686.1**

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
At 30 September 2016	4.1	198.9	110.5	(32.3)	281.2	4.4	285.6
Items of income and expense taken directly to equity							
Currency translation adjustment	-	-	0.8	-	0.8	(0.1)	0.7
Current tax on currency translation adjustment	-	-	-	(0.2)	(0.2)	-	(0.2)
Net investment hedge	-	-	(1.7)	-	(1.7)	-	(1.7)
Actuarial loss on Group legacy defined benefit pension schemes	-	-	-	27.1	27.1	-	27.1
Tax charge on Group legacy defined benefit pension schemes	-	-	-	(4.1)	(4.1)	-	(4.1)
Cash flow hedges transferred to equity	-	-	(0.6)	-	(0.6)	-	(0.6)
Cash flow hedges transferred to Income Statement	-	-	1.4	-	1.4	-	1.4
Profit for the financial period	-	-	-	10.4	10.4	1.0	11.4
Total recognised income and expense for the financial period	-	-	(0.1)	33.2	33.1	0.9	34.0
Employee share-based payment expense	-	-	2.1	-	2.1	-	2.1
Deferred tax on share-based payments	-	-	-	(0.1)	(0.1)	-	(0.1)
Exercise, lapse or forfeit of share-based payments	-	0.2	5.3	(5.3)	0.2	-	0.2
Shares acquired by Employee Benefit Trust	-	-	(7.2)	-	(7.2)	-	(7.2)
Issues of shares – Rights issue	2.9	436.7	-	-	439.6	-	439.6
Costs associated with the issue of shares	-	-	-	(12.6)	(12.6)	-	(12.6)
Dividends	-	4.4	-	(17.0)	(12.6)	-	(12.6)
At 31 March 2017	7.0	640.2	110.6	(34.1)	723.7	5.3	729.0

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY (continued)
for the half year ended 30 March 2018

OTHER RESERVES

	Share options £m	Own shares £m	Capital redemption reserve £m	Capital conversion reserve fund £m	Hedging reserve £m	Foreign currency translation reserve £m	Total £m
At 29 September 2017	**6.6**	**(8.6)**	**117.0**	**0.8**	**(11.5)**	**(12.1)**	**92.2**
Items of income and expense taken directly to equity							
Currency translation adjustment	-	-	-	-	-	(33.1)	(33.1)
Net investment hedge	-	-	-	-	-	17.3	17.3
Cash flow hedge transferred to equity	-	-	-	-	0.5	-	0.5
Cash flow hedges transferred to Income Statement	-	-	-	-	1.2	-	1.2
Total recognised income and expense for the financial period	-	-	-	-	1.7	(15.8)	(14.1)
Employee share-based payment expense	1.3	-	-	-	-	-	1.3
Exercise, lapse or forfeit of share-based payments	(1.3)	-	-	-	-	-	(1.3)
Shares acquired by Employee Benefit Trust	-	(2.2)	-	-	-	-	(2.2)
Transfer to Retained Earnings on shares vesting to beneficiaries of the Employee Benefit Trust	-	2.8	-	-	-	-	2.8
At 30 March 2018	**6.6**	**(8.0)**	**117.0**	**0.8**	**(9.8)**	**(27.9)**	**78.7**

	Share options £m	Own shares £m	Capital redemption reserve £m	Capital conversion reserve fund £m	Hedging reserve £m	Foreign currency translation reserve £m	Total £m
At 30 September 2016	7.6	(7.5)	117.0	0.8	(14.8)	7.4	110.5
Items of income and expense taken directly to equity							
Currency translation adjustment	-	-	-	-	-	0.8	0.8
Net investment hedge	-	-	-	-	-	(1.7)	(1.7)
Cash flow hedges transferred to equity	-	-	-	-	(0.6)	-	(0.6)
Cash flow hedges transferred to Income Statement	-	-	-	-	1.4	-	1.4
Total recognised income and expense for the financial period	-	-	-	-	0.8	(0.9)	(0.1)
Employee share-based payment expense	2.1	-	-	-	-	-	2.1
Exercise, lapse or forfeit of share-based payments	-	5.3	-	-	-	-	5.3
Shares acquired by Employee Benefit Trust	-	(7.2)	-	-	-	-	(7.2)
At 31 March 2017	9.7	(9.4)	117.0	0.8	(14.0)	6.5	110.6

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation

The Group Condensed Financial Statements of Greencore Group Plc (the 'Group'), which are presented in sterling and expressed in millions, have been prepared as at, and for the 26 week period ended, 30 March 2018, and have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Central Bank of Ireland and IAS 34 *Interim Financial Reporting* as adopted by the European Union.

These Condensed Financial Statements do not comprise statutory accounts within the meaning of Section 304 of the Companies Act 2014. The Group condensed financial information for the year ended 29 September 2017 represents an abbreviated version of the Group Financial Statements for that year. Those financial statements, upon which the auditor issued an unqualified audit report, have been filed with the Registrar of Companies.

The directors confirm that the Group has adequate resources to continue operating for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group Condensed Financial Statements.

2. Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the Group Condensed Financial Statements are consistent with those applied in the Annual Report for the financial year ended 29 September 2017 and are as set out in those financial statements.

Critical accounting estimates and judgements

The preparation of the Group Condensed Financial Statements in accordance with IFRS, requires management to make certain estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information or more experience. Such changes are recognised in the period in which the estimate is revised.

The critical accounting judgements exercised in applying the Group accounting policies are:
- Accounting for exceptional items;
- Assessment of carrying value of goodwill;
- Recognition of provisions for current and deferred tax; including deferred tax asset recognition;
- Provisions for liabilities; and
- Fair value assessment in acquisition accounting.

The Group has identified Post-Retirement Benefits as a significant source of estimation uncertainty in the preparation of the Group Condensed Financial Statements. The estimation of and accounting for retirement benefits obligations involves judgements made in conjunction with independent actuaries. These involve estimating the actuarial assumptions including mortality rates of members, increase in pension payments and inflation linked to certain obligations and discount rates used in estimating the present value of the schemes assets and liabilities. Details of the financial position of the Post-Retirement Benefit Schemes are set out in note 14.

New standards and interpretations

There are no changes to IFRS which became effective for the Group during the financial year which resulted in material changes to the Group Condensed Financial Statements. A number of new standards and amendments to standards and interpretations are effective for annual reporting periods beginning from 1 January 2018 and have not been applied in preparing these Condensed Financial Statements.

IFRS 9 *Financial Instruments*

IFRS 9 *Financial Instruments* addressed the classification, measurement and recognition of financial assets and liabilities. The standard replaces IAS 39 *Financial Instruments: Recognition and Measurement* and has been completed in a number of stages with the final version issued by the IASB in July 2014. IFRS 9 Financial Instruments introduces new rules for hedge accounting and a new impairment model for financial assets. The Group will apply the standard for the reporting period commencing 1 October 2018.

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS

2. Accounting Policies (continued)

New standards and interpretations (continued)

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships may be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group has performed an initial review of the impact of IFRS 9, and it would appear that the Group's current hedge relationships would continue to qualify as effective hedges upon adoption of IFRS 9.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses. In applying an expected credit loss model on adoption of IFRS 9, the Group expects to recognise a provision for impairment of financial assets, based on historic credit losses and forward looking estimates. The standard is not expected to have a significant impact on the Group's consolidated financial statements.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 *Revenue from Contracts with Customers* specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard replaces IAS 18 *Revenue* and IAS 11 *Construction Contracts*. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The Group will apply the standard for the reporting period commencing 1 October 2018.

The Group is currently evaluating its customer contracts to assess the impact of adoption of the new standard on reported revenue, principally the following areas:

- Variable consideration
  Some contracts with customers offer trade discounts or volume rebates. We will review such arrangements to assess whether there is an impact on the timing of recognition of such variable consideration under IFRS 15.

- Principal versus agent considerations
  We will assess whether any revenue might be deemed to be more appropriately recorded on an agency or net basis, rather than on a gross basis, under IFRS 15.

- Bill and Hold
  We will assess whether there are bill and hold arrangements with customers which will impact the timing of recognition of income under IFRS 15.

IFRS 16 *Leases*

IFRS 16 *Leases* sets out the principle for the recognition, measurement, presentation and disclosure of leases for both lessee and lessor. It eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model where the lessee is required to recognise assets and liabilities for all material leases that have a term of greater than a year.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g. capital cost of less than $5,000) and short-term leases (i.e. leases with a term of 12 months or less). It also includes an election which permits a lessee not to separate non-lease components (e.g. maintenance) from lease components and instead capitalise both the lease cost and associated non-lease cost. The Group will apply the standard for the reporting period commencing 1 October 2019.

The Group is currently evaluating all lease arrangements to assess the impact on adoption of the new standard. Note 4 to the FY17 Annual Report outlines the operating lease expense for the prior financial year and Note 28 outlines the Groups lease obligations at 29 September 2017.

There are no other IFRS standards or interpretations that are not yet effective that would be expected to have a material impact on the Group.

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS

3. Segment Information

The Chief Operating Decision Maker monitors the operating results of segments separately in order to allocate resources between segments and to assess performance. Segment performance is predominantly evaluated based on operating profit before exceptional items and acquisition related amortisation. Net finance costs and income tax are managed on a centralised basis, therefore, these items are not allocated between operating segments for the purposes of the information presented to the Chief Operating Decision Maker and are accordingly omitted from the segmental information below.

The Group is organised into two operating segments which are its reportable segments. These reportable segments are: Convenience Foods UK & Ireland and Convenience Foods US.

Convenience Foods UK & Ireland: incorporating Food to Go (i.e. sandwiches, sushi and salads), and other parts of the Convenience Foods UK & Ireland which comprise of the ready meals, chilled soups and sauces, cooking sauces, quiche, Yorkshire Pudding and cakes and desserts businesses as well as the Irish Ingredient trading businesses.

Convenience Foods US: comprising the total US business including the acquired Peacock Foods business, manufacturing convenience food products for many of the largest food brands, convenience retail and food service leaders in the US. Convenience Foods US produces a wide range of fresh, frozen and ambient products including sandwiches, meal kits and salad kits.

Intersegment revenue is not material and thus not subject to separate disclosure.

	Convenience Foods UK & Ireland		Convenience Foods US		Total	
	Half Year 2018 £m	Half Year 2017 £m	**Half Year 2018 £m**	Half Year 2017 £m	**Half Year 2018 £m**	Half Year 2017 £m
Revenue	**734.9**	685.7	**503.6**	324.6	**1,238.5**	1,010.3
Group operating profit before exceptional items and acquisition related amortisation	**47.1**	46.8	**12.6**	8.5	**59.7**	55.3
Amortisation of acquisition related intangible assets	**(2.1)**	(2.1)	**(8.9)**	(5.8)	**(11.0)**	(7.9)
Exceptional items	**(25.3)**	(2.9)	**(27.8)**	(20.0)	**(53.1)**	(22.9)
Group operating profit/(loss)	**19.7**	41.8	**(24.1)**	(17.3)	**(4.4)**	24.5
Finance income					**0.1**	-
Finance costs					**(14.3)**	(13.3)
Share of profit of associates after tax					**0.5**	0.5
(Loss)/profit before taxation					**(18.1)**	11.7

4. Seasonality

The Group's portfolio is second half weighted. This weighting is primarily driven by weather and seasonal buying patterns impacting, in particular, the demand for chilled product categories.

5. Exceptional Items

		Half Year 2018 £m	Half Year 2017 £m
Network rationalisation and optimisation	(a)	**(25.8)**	-
Exit from Cakes and Desserts	(b)	**(15.0)**	-
Integration and reorganisations costs	(c)	**(11.6)**	(5.3)
Pre-commissioning and start-up costs	(d)	**(0.7)**	(2.5)
Transaction costs	(e)	**-**	(15.1)
		(53.1)	(22.9)
Tax on exceptional items	(f)	**4.3**	2.4
US Tax reform tax credit	(f)	**20.6**	-
Total exceptional charge		**(28.2)**	(20.5)

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS

5. Exceptional Items (continued)

(a) Network rationalisation and optimisation
In the period, the Group incurred a charge of £25.8m relating to the optimisation of its manufacturing network in its US operations. The Group recognised an impairment charge of £23.9m in relation to ceasing production at its Rhode Island facility, as announced in March 2018, and in relation to the repurposing of the Jacksonville manufacturing facility. In addition, other costs of £1.9m were recognised in relation to the exit from production at its Rhode Island Facility.

(b) Exit from Cakes and Desserts
In February 2018, the Group disposed of its cakes and desserts business in Hull to Bright Blue Foods Ltd. This sale, together with the closure of the desserts facility in Evercreech announced in 2017, marks Greencore's exit from the UK Cakes and Desserts sector. A loss of £15.0m was incurred on the disposal of the business.

(c) Integration and reorganisation costs
In the period, the Group recognised an £11.6m charge in relation to integration and reorganisation costs across the UK and US businesses. A charge of £9.6m arose relating to the transition to a new organisational structure within Convenience Foods UK & Ireland and the implementation of the operational excellence initiative to drive operational benefits across the division. A charge of £2.0m was recognised in the US in relation to the restructure of the US executive team and ongoing integration costs associated with Peacock Foods acquisition.

In the prior period, the Group incurred a charge of £5.3m relation to the integration of the acquisition of Peacock Foods and The Sandwich Factory.

(d) Pre-commissioning and start-up costs
In the period, the Group recognised a charge of £0.7m in relation to pre-commissioning and start up activities on the expansion of its Warrington facilities.

In the prior period, the Group recognised a £2.5m charge relating to pre-commissioning and start-up costs for expansion of facilities and onboarding of new business at Northampton in the UK and Carol Stream in the US.

(e) Transaction costs
In the prior period, the Group incurred a £15.1m charge relating to transaction costs and expenses associated with the acquisition of Peacock Foods in December 2016.

(f) Tax
In the period, a tax credit of £4.3m was recognised in respect of exceptional charges (2017: £2.4m). In the period, the Group recognised a tax credit of £20.6m on the revaluation of tax assets and liabilities as a result of the tax rate change in the US.

6. Taxation

Interim period tax is accrued using the tax rate that is estimated to be applicable to expected total annual earnings based on tax rates that were enacted or substantively enacted at the half year end, that is the estimated average annual effective income tax rate based on management's judgement applied to the taxable income of the interim period. The effective tax rate for the period is 11% (2017: 8%).

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS

7. Dividends Paid and Proposed

A dividend of 3.37 pence per share was approved at the Annual General Meeting on 30 January 2018 as a final dividend in respect of the year ended 29 September 2017 and a dividend of £22.5m was paid on 4 April 2018 to those shareholders that did not avail of the Group scrip dividend scheme.

An interim dividend of 2.20 pence (2017: 2.10 pence) per share is payable on 4 October 2018 to the shareholders on the Register of Members as of 31 August 2018. The ordinary shares will be quoted ex-dividend from 30 August 2018. The dividend will be subject to dividend withholding tax, although certain classes of shareholders may qualify for exemption.

The liability in respect of this interim dividend is not recognised in the Balance Sheet of the Group as at 30 March 2018 because the interim dividend had not been approved at the Balance Sheet date (but was subsequently declared by the Directors of the Company).

8. Earnings per Ordinary Share

Basic Earnings per Ordinary Share
Basic earnings per Ordinary Share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Ordinary Shares in issue during the period, excluding Ordinary Shares purchased by the Company and held in trust in respect of the Annual Bonus Plan, the Performance Share Plan and the Executive Share Option Scheme. The adjusted figures for basic and diluted earnings per Ordinary Share is calculated as profit attributable to equity holders of the Company adjusted to exclude exceptional items (net of tax), the effect of foreign exchange ('FX') on inter-company and certain external balances where hedge accounting is not applied, the movement in the fair value of all derivative financial instruments and related debt adjustments, the amortisation of acquisition related intangible assets (net of tax) and the effect of interest expense relating to legacy defined benefit pension liabilities (net of tax).

	Half Year 2018 £m	Half Year 2017 £m
Profit attributable to equity holders of the Company (numerator for basic earnings per share calculation)	**1.8**	10.4
Exceptional items (net of tax)	**28.2**	20.5
Fair value movement of derivative financial instruments and related debt adjustments	**0.1**	(0.1)
FX on inter-company and external balances where hedge accounting is not applied	**(0.7)**	0.2
Amortisation of acquisition related intangible assets (net of tax)	**7.9**	5.2
Pension financing (net of tax)	**1.4**	1.6
Numerator for adjusted earnings per share calculation	**38.7**	37.8

Denominator for earnings per share and adjusted earnings per share calculation

	Half Year 2018 '000	Half Year 2017 '000
Shares in issue at the beginning of the period	**705,647**	413,468
Effect of Shares held by Employee Benefit Trust	**(3,392)**	(2,975)
Effect of shares issued in period	**790**	149,741
Effect of bonus issue related to Rights Issue	**-**	43,168
Weighted average number of Ordinary Shares in issue during the period	**703,045**	603,402

	Half Year 2018 pence	Half Year 2017 pence
Basic earnings per Ordinary Share	**0.3**	1.7
Adjusted basic earnings per Ordinary Share	**5.5**	6.3

8. Earnings per Ordinary Share (continued)

Diluted Earnings per Ordinary Share
Diluted earnings per Ordinary Share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion of all dilutive potential Ordinary Shares. Employee share benefits which are performance based are treated as contingently issuable shares because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time. These contingently issuable ordinary shares are excluded from the computation of diluted earnings per Ordinary Share where the conditions governing exercisability have not been satisfied as at the end of the reporting period. A total of 12,105,385 (2017: 6,134,981) shares were excluded from the diluted EPS calculation as they were either antidilutive or contingently issuable Ordinary Shares which had not satisfied the performance conditions attaching at the end of the reporting period.

Denominator for diluted earnings per share and adjusted diluted earnings per share calculation
The reconciliation of the weighted average number of ordinary shares used for the purpose of calculating the diluted earnings per share amounts is as follows:

	Half Year 2018 '000	Half Year 2017 '000
Weighted average number of ordinary shares in issue during the period	**703,045**	603,402
Dilutive effect of share options	**1,251**	2,976
Weighted average number of Ordinary Shares for diluted earnings per share	**704,296**	606,378

	Half Year 2018 pence	Half Year 2017 pence
Diluted basic earnings per Ordinary Share	**0.3**	1.7
Adjusted diluted basic earnings per Ordinary Share	**5.5**	6.2

9. Intangible Assets, Property, Plant and Equipment, Investment Property, Capital Expenditure and Commitments

During the six month period to 30 March 2018, the Group made approximately £32.0m of additions to property, plant and equipment, investment property and intangible assets through ongoing capital expenditure. The Group recognised £23.9m of an impairment charge in relation to ceasing production at its Rhode Island facility and repurposing of its Jacksonville facility. The Group disposed of £12.6m of property, plant and equipment and intangible assets as part of the disposal of the Cakes and Desserts business at Hull in February 2018 (see further details at note 15).

During the prior six month period to 31 March 2017, the Group made approximately £64.4m of additions to property, plant and equipment, investment property and intangible assets through ongoing capital expenditure and recognised a further £686.8m of assets following on from the acquisition of Peacock Foods (see further details at note 15). The Group disposed of certain assets with a carrying amount of £0.1m for no cash proceeds.

At 30 March 2018, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £17.5m (2017: £20.3m).

10. Equity Share Capital

Issued capital as at 30 March 2018 amounted to £7.1m (29 September 2017: £7.1m). In the six month period to 30 March 2018 735,750 shares (2017: 1,322,236) were issued in respect of the scrip dividend scheme and 120,344 shares (2017: 180,005) were issued in respect of the Group's Sharesave Schemes.

Pursuant to the Annual Bonus Plan, the Performance Share Plan and the Executive Share Option Plan, 984,680 shares were purchased by the Trustees of the Plan during the period ended 30 March 2018 at a cash cost of £2.1m and a nominal value of £0.01m. In addition, the Trustees utilised dividend income of £0.1m to acquire 24,145 shares in Greencore with a nominal value of £0.0002m. During the period, 1,248,048 shares with a nominal value of £0.01m were transferred to beneficiaries of the Annual Bonus Plan.

Pursuant to the Annual Bonus Plan, the Performance Share Plan and the Executive Share Option Plan, 1,762,690 shares were purchased by the Trustees of the Plan during the period ended 31 March 2017. In December 2016, the Trust took up its full allocation of shares in the Rights Issue of 1,469,042 shares for a nominal value of £0.01m. In addition, the Trustees utilised dividend income of £0.04m to acquire 14,834 shares in Greencore with a nominal value of £0.0004m. In the prior period 2,098,107 shares with a nominal value of £0.02m were transferred to beneficiaries of the Annual Bonus Plan.

During the period, 559,967 (2017: 599,359) shares with a fair value of £2.05 per share (2017: £2.43 per share) were awarded under the Annual Bonus Plan and 4,078,280 (2017: 2,778,609) conditional share awards, with a weighted average fair value of £1.97 per share (2017: £2.44 per share), were granted under the Performance Share Plan.

11. Components of Net Debt and Financing

The cash flows from financing activities are set out in the Group Condensed Cash Flow Statement.

Net finance costs	**Half Year 2018 £m**	Half Year 2017 £m
Net finance costs on interest bearing cash and cash equivalents, borrowings and other financing cost	**(12.8)**	(11.0)
Interest on legacy defined benefit pension scheme liabilities	**(1.7)**	(2.0)
Interest on obligations under finance leases	**(0.1)**	(0.1)
Fair value movement on derivative financial instruments and related debt adjustments	**(0.1)**	0.1
Foreign exchange on inter-company and external balances where hedge accounting is not applied	**0.7**	(0.2)
Unwind of present value discount on non-current payables and receivables	**(0.2)**	(0.1)
	(14.2)	(13.3)
Analysed as:		
Finance income	**0.1**	-
Finance costs	**(14.3)**	(13.3)
	(14.2)	(13.3)

Net debt	**March 2018 £m**	September 2017 £m	March 2017 £m
Cash and cash equivalents (net of bank overdraft)	**20.2**	19.8	(0.2)
Bank borrowings	**(363.0)**	(353.7)	(366.1)
Private placement notes	**(117.3)**	(121.9)	(128.9)
Non-bank borrowings	**(61.5)**	(61.6)	(59.3)
Finance leases	**(0.6)**	(1.8)	(2.1)
Group net debt	**(522.2)**	(519.2)	(556.6)

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods, between one day and one month, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS

11. Components of Net Debt and Financing (continued)

Fair value hierarchy – IFRS 13 (level 2 inputs)*	March 2018 Level 2* £m	September 2017 Level 2* £m	March 2017 Level 2* £m
Assets carried at fair value			
Forward foreign exchange contracts – not designated as hedges	**0.1**	0.3	0.7
	0.1	0.3	0.7
Liabilities carried at fair value			
Cross-currency interest rate swaps – cash flow hedges	**(7.6)**	(11.8)	(20.1)
Interest rate swaps – cash flow hedges	**(0.9)**	(1.9)	(2.6)
Interest rate swaps – not designated as hedges	**(0.2)**	(0.5)	(0.7)
Forward foreign exchange contracts – not designated as hedges	**(0.2)**	(0.1)	(0.2)
	(8.9)	(14.3)	(23.6)

*For definition of Level 2 inputs please refer to the 2017 Annual Report

Fair Value of financial instruments at amortised cost
Except as set out below, it is considered that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated interim financial statements approximate their fair values.

		March 2018		September 2017		March 2017
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Bank borrowings	**(363.0)**	**(363.8)**	(353.7)	(354.3)	(366.1)	(371.0)
Private placement notes	**(117.3)**	**(122.1)**	(121.9)	(127.6)	(128.9)	(137.8)
Non-bank borrowings	**(61.5)**	**(62.3)**	(61.6)	(63.6)	(59.3)	(62.6)
Finance leases	**(0.6)**	**(0.6)**	(1.8)	(2.0)	(2.1)	(2.7)

In the period, the Group extended the maturity of its $249m committed bank facility by one year to December 2022. In the prior period, the Group extended the maturity of the primary bank facility of £300m to March 2022 and in addition, the £50m bank bilateral facility was extended by 18 months to March 2020.

12. Provisions for Liabilities

	Half Year 2018 £m
At beginning of period	**38.2**
Utilised in period	**(2.3)**
Provided in period	**2.5**
Unwind of discount	**0.2**
Currency translation differences	**(1.2)**
At end of period	**37.4**

Analysed as:	**March 2018 £m**	September 2017 £m
Non - current liabilities	**28.9**	29.8
Current liabilities	**8.5**	8.4
	37.4	38.2

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS

13. Contingencies

The Company and certain subsidiary undertakings of the Group continue to be subject to various legal proceedings relating to its current and former activities. Provisions for anticipated settlement costs and associated expenses arising from legal and other disputes are made where a reliable estimate can be made of the probable outcome of the proceedings.

The Company and certain subsidiary undertakings of the Group have given guarantees in respect of borrowings and other obligations arising in the ordinary course of the business of the Company and other Group undertakings. The Company and other Group undertakings consider these guarantees to be insurance contracts and account for them as such. The Company and other Group undertakings treats these guarantee contracts as contingent liabilities until such time as it becomes probable that a payment will be required under such guarantees.

The Group has provided bank guarantees to third parties for an amount of £9.9m (September 2017: £9.2m) in respect of certain obligations.

14. Retirement Benefit Schemes

In consultation with the independent actuaries to the schemes, the valuations of the pension obligations have been updated to reflect current market discount rates, rates of increase in salaries, pension payments and inflation, current market values of investments and actual investment returns.

The principal actuarial assumptions are as follows:

	March 2018		September 2017	
	UK	**Ireland**	UK	Ireland
Rate of increase in pension payments*	**3.00%**	**0.00%**	3.05%	0.00%
Discount rate	**2.65%**	**1.50%**	2.75%	1.65%
Inflation rate	**3.05%**	**1.45%**	3.10%	1.45%

*The rate of increase in pension payments shown above applies to the majority of the liability base. However there are certain categories within the Group that have an entitlement to pension indexation and this is allowed for in the calculation

The financial position of the schemes was as follows:

	March 2018			September 2017		
	UK Schemes £m	**Irish Schemes £m**	**Total £m**	UK Schemes £m	Irish Schemes £m	Total £m
Total market value of scheme assets	**215.7**	**259.4**	**475.1**	214.3	264.3	478.6
Present value of scheme liabilities	**(332.8)**	**(249.9)**	**(582.7)**	(352.4)	(251.0)	(603.4)
(Deficit)/surplus in schemes	**(117.1)**	**9.5**	**(107.6)**	(138.1)	13.3	(124.8)
Deferred tax asset	**19.8**	**(1.2)**	**18.6**	23.4	(1.7)	21.7
Net (liability)/asset at end of the period	**(97.3)**	**8.3**	**(89.0)**	(114.7)	11.6	(103.1)
Presented as:						
Retirement benefit asset**			**13.6**			17.3
Retirement benefit obligation			**(121.2)**			(142.1)

** The value of a net pension benefit asset is the value of any amount the Group reasonably expects to recover by way of refund of surplus from the remaining assets of a plan at the end of the plan's life.

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS

14. Retirement Benefit Schemes (continued)

Sensitivity of Pension Liability to Judgemental Assumptions

		Increase in Scheme Liabilities		
		UK Schemes	Irish Schemes	Total
Assumption	**Change in assumption**	**£m**	**£m**	**£m**
Discount rate	Decrease by 0.5%	32.7	18.8	51.5
Rate of inflation	Increase by 0.5%	20.7	6.9	27.6
Rate of mortality	Members assumed to live 1 year longer	13.3	8.1	21.4

Sensitivity of Pension Scheme Assets to Yield Movements

		Increase in Assets		
		UK Schemes	Irish Schemes	Total
Assumption	**Change in assumption**	**£m**	**£m**	**£m**
Change in bond yields	Decrease by 0.5%	12.2	13.8	26.0

15. Acquisition and Disposal of Undertakings

Acquisitions in the prior period

Peacock Foods

On 30 December 2016, the Group acquired 100% of CB-Peacock Holdings Inc. ('Peacock Foods'), a US based convenience food manufacturer. Details of the acquisition are set out in note 31 to the 2017 Annual Report. The fair value of the assets and liabilities acquired were provisional at 29 September 2017 and have subsequently been finalised. There have been no adjustments made to provisional fair values of assets and liabilities as presented in the 2017 Annual Report.

Heathrow

On 26 June 2017, the Group entered into an asset purchase agreement with Tasties of Chester Limited. Details of the acquisition are set out in note 31 to the 2017 Annual Report. The fair value assets and liabilities acquired were provisional at 29 September 2017 and have subsequently been finalised as at 30 March 2018. There have been no adjustments made to provisional fair values of assets and liabilities as presented in the 2017 Annual Report.

Disposal in the current period

Hull

On 10 February 2018, the Group reached an agreement to dispose of its Cakes and Desserts manufacturing facility at Hull to Bright Blue Foods Limited. Under terms of the agreement the trade and assets of the business were transferred to purchaser for cash consideration of £1.0m deferred for 12 months. In addition, cash consideration for working capital of £2.9m was received during the period.

The net assets of Hull at the date of disposal were as follows:

	Half Year 2018 £m
Property, plant and equipment	12.0
Intangible assets	0.6
Inventory	3.1
Trade and other receivables	0.3
Net assets and liabilities	**16.0**
Satisfied by:	
Consideration received, satisfied in cash	2.9
Deferred consideration	1.0
Net cash inflows	**3.9**

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS

16. Alternative Performance Measures

The Group uses the following Alternative Performance Measures ('APMs') which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole: Pro Forma Revenue Growth, Adjusted EBITDA, Adjusted Operating Profit, Adjusted Operating Margin), Adjusted Earnings, Adjusted Earnings Per Share, Adjusted Profit before Tax ('PBT'), Maintenance and Strategic Capital Expenditure, Operating Cash Flow, Net Debt and Return on Invested Capital ('ROIC').

The Group believes that these APMs provide useful historical financial information to help investors evaluate the performance of the underlying business and are measures commonly used by certain investors and security analysts for evaluating the performance of the Group. In addition, the Group uses certain APMs which reflect underlying performance on the basis that this provides a more relevant focus on the core business performance of the Group.

Pro Forma Revenue Growth
The Group uses Pro Forma Revenue Growth as a supplemental measure of its performance. The Group believes that Pro Forma Revenue Growth provides a more accurate guide to underlying revenue performance. Pro Forma Revenue Growth adjusts H1 17 reported revenue to reflect ownership of Peacock Foods for the full period and excludes revenue from our Cakes & Desserts business following our disposal of this business in February 2018. Pro Forma Revenue Growth adjusts H1 18 reported revenue to exclude revenue from our Cakes & Desserts business and excludes the impact of the Heathrow acquisition completed in June 2017. These figures are also presented on a constant currency basis.

	Half Year 2018 Convenience Foods UK & Ireland	Half year 2018 Convenience Foods US	Half year Total 2018
Pro Forma Revenue Growth (%)	**8.2%**	**5.8%**	**7.1%**

	Half Year 2018 Convenience Foods UK & Ireland	Half year 2018 Convenience Foods US	Half year Total 2018
Reported revenue	7.2%	55.1%	**22.6%**
Impact of acquisitions	(0.5%)	(63.9%)	**(20.8%)**
Impact of disposals	1.7%	-	**0.7%**
Impact of currency	(0.2%)	14.6%	**4.6%**
Pro Forma Revenue Growth	**8.2%**	**5.8%**	**7.1%**

In the US, the business operates the majority of its revenue contracts on a pass-through basis where the business takes ownership of the materials but it is entitled to pass on the price of the materials directly to the customer as part of its finished goods. Accordingly, while revenue and cost of sales can be impacted by changes in material inflation or deflation, these changes do not impact profit delivery, therefore volume growth is a more important indicator of performance.

Pro Forma Volume Growth for Convenience Foods US was approximately 6% in the period.

Adjusted EBITDA, Adjusted Operating Profit and Adjusted Operating Margin
Adjusted EBITDA, Adjusted Operating Profit and Adjusted Operating Margin are used by the Group to measure the underlying and ongoing operating performance of each business unit and of the Group as a whole.

The Group calculates Adjusted Operating Profit as operating profit before amortisation of acquisition related intangibles and exceptional charges. Adjusted EBITDA is calculated as Adjusted Operating Profit plus depreciation and amortisation. Adjusted Operating Margin is calculated as Adjusted Operating Profit divided by reported revenue.

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS

16. Alternative Performance Measures (continued)

The following table sets forth a reconciliation from the Group's Profit for the financial period to Adjusted Operating Profit, Adjusted EBITDA and Adjusted Operating Margin:

	Half year 2018 £m	Half year 2017 £m
Profit for the financial period	**3.0**	11.4
Taxation(A)	**(21.1)**	0.3
Net finance costs(B)	**14.2**	13.3
Share of profit of associates after tax	**(0.5)**	(0.5)
Exceptional items	**53.1**	22.9
Amortisation of acquisition related intangibles	**11.0**	7.9
Adjusted Operating Profit	**59.7**	55.3
Depreciation and amortisation(C)	**26.8**	23.8
Adjusted EBITDA	**86.5**	79.1
Adjusted Operating Margin (%)	**4.8**	5.5

(A) Includes tax on exceptional items of £4.3m (2017: £2.4m), a US tax reform credit of £20.6m (2017: £nil) and tax charge on operating activities of £3.8m (2017: £2.7m)
(B) Finance costs less finance income
(C) Excludes amortisation of acquisition related intangibles

Adjusted Earnings and Adjusted Earnings per Share ('EPS')
The Group uses Adjusted Earnings and Adjusted EPS as key measures of the overall underlying performance of the Group and returns generated for each share.

Adjusted Earnings is calculated as Profit attributable to equity holders (as shown on the Group's Income Statement) adjusted to exclude exceptional items (net of tax), the effect of foreign exchange (FX) on inter-company and external balances where hedge accounting is not applied, the movement in the fair value of all derivative financial instruments and related debt adjustments, the amortisation of acquisition related intangible assets (net of tax) and the interest expense relating to legacy defined benefit pension liabilities (net of tax). Adjusted EPS is calculated by dividing Adjusted Earnings by the weighted average number of Ordinary Shares in issue during the period, excluding Ordinary Shares purchased by Greencore and held in trust in respect of the Annual Bonus Plan, the Performance Share Plan and the Executive Share Option Scheme, and after adjusting the weighted average number of shares in the prior period for the effect of the rights issue and related bonus issue on the average number of shares in issue. Adjusted EPS is also referred to as Adjusted Basic EPS.

The following table sets forth a reconciliation of the Group's Profit attributable to equity holders of Greencore to its Adjusted Earnings for the financial periods indicated.

	Half year 2018 £m	Half year 2017 £m
Profit attributable to equity holders of Greencore	**1.8**	10.4
Exceptional items (net of tax)	**28.2**	20.5
Fair value movement on derivative financial instruments and related debt adjustments	**0.1**	(0.1)
FX effect on intercompany and external balances where hedge accounting is not applied	**(0.7)**	0.2
Amortisation of acquisition related intangible assets (net of tax)	**7.9**	5.2
Pension financing (net of tax)	**1.4**	1.6
Adjusted Earnings	**38.7**	37.8

16. Alternative Performance Measures (continued)

	Half year 2018 '000	Half year 2017 '000
Weighted average number of ordinary shares in issue during the period	**703,045**	603,402
	pence	pence
Adjusted Basic Earnings per Ordinary Share	**5.5**	6.3

Adjusted Profit before Tax ('PBT')
Adjusted PBT is used as a measure by the Group to measure overall performance before associated tax charge and exceptional items. Exceptional items are deemed to be one-off in nature.

The Group calculates Adjusted PBT as Profit before taxation, excluding tax on share of profit of associate and before exceptional items, pension finance items, amortisation of acquisition related intangibles, FX inter-company and certain external balances and the movement in the fair value of all derivative financial instruments and related debt adjustments.

The following table sets out the calculation of Adjusted PBT:

	Half year 2018 £m	Half year 2017 £m
(Loss)/profit before taxation	**(18.1)**	11.7
Taxation on share of profit of associates	**0.1**	0.1
Exceptional items	**53.1**	22.9
Pension financing	**1.7**	2.0
Amortisation of acquisition related intangibles	**11.0**	7.9
FX and fair value movements [(A)]	**(0.6)**	0.1
Adjusted Profit Before Tax	**47.2**	44.7

(A) FX on inter-company and certain external balances and the movement in the fair value of all derivative financial instruments and related debt adjustments expensed through the Condensed Income Statement.

Capital Expenditure

Maintenance Capital Expenditure

The Group defines Maintenance Capital Expenditure as the expenditure required for the purpose of sustaining the operating capacity and asset base of the Group, and of complying with applicable laws and regulations. It includes continuous improvement projects of less than £1m that will generate additional returns for the Group.

Strategic Capital Expenditure

The Group defines Strategic Capital Expenditure as the expenditure required for the purpose of facilitating growth and developing and enhancing relationships with existing and new customers. It includes continuous improvement projects of greater than £1m that will generate additional returns for the Group. Strategic Capital Expenditure is generally expansionary expenditure creating additional capacity beyond what is necessary to maintain the Group's current competitive position and enables the Group to service new customers and/or contracts or to enter into new categories and/or new manufacturing competencies.

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS

16. Alternative Performance Measures (continued)

The following table sets forth the breakdown of the Groups purchase of property, plant and equipment and purchase of intangible assets between Strategic Capital Expenditure and Maintenance Capital Expenditure:

	Half year 2018 £m	Half year 2017 £m
Purchase of property, plant and equipment	**27.6**	49.4
Purchase of intangible assets	**2.4**	10.9
Net Cash outflow from capital expenditure	**30.0**	60.3
Strategic Capital Expenditure	**14.5**	43.2
Maintenance Capital Expenditure	**15.5**	17.1
Net cash outflow from capital expenditure	**30.0**	60.3

Operating Cash Flow
The Group uses Operating Cash Flow to measure the amount of cash generated by the operating activities of each business unit and of the Group as a whole.

The Group calculates Operating Cash Flow as the net cash inflow/(outflow) from operating and investing activities before Strategic Capital Expenditure, contributions to legacy defined benefit pension schemes, interest paid, tax paid, acquisition of undertakings, net of cash acquired and disposal of undertakings.

The following table sets forth the reconciliation from the Groups net cash inflow from operating activities and net cash outflow from investing activities to Operating Cash Flow:

	Half year 2018 £m	Half year 2017 £m
Net cash inflow from operating activities	**27.0**	26.1
Net cash outflow from investing activities	**(30.0)**	(662.4)
Net cash outflow from operating and investing activities	**(3.0)**	(636.3)
Strategic Capital Expenditure	**14.5**	43.2
Contributions to legacy defined pension schemes	**7.9**	4.7
Tax paid	**0.2**	0.1
Interest paid	**13.1**	10.5
Acquisition of undertakings, net of cash acquired	**-**	604.6
Disposal of undertakings	**-**	(2.5)
Operating Cash Flow	**32.7**	24.3

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS

16. Alternative Performance Measures (continued)

Net Debt
Net Debt is used by the Group to measure overall cash generation of the Group and to identify cash available to reduce borrowings.

Net Debt comprises current and non-current borrowings less net cash and cash equivalents.

The following table sets out the calculation of Net Debt:

	Half year 2018 £m	Half year 2017 £m
Non-current		
Bank borrowings	**(363.0)**	(366.1)
Private placement notes	**(117.3)**	(128.9)
Non-bank borrowings	**(61.5)**	(59.3)
Finance leases	**(0.6)**	(2.1)
Total borrowings	**(542.4)**	(556.4)
Cash and cash equivalents (net of bank overdraft)	**20.2**	(0.2)
Net Debt	**(522.2)**	(556.6)

Return on Invested Capital ('ROIC')
The Group uses ROIC as a key measure to determine returns from each business unit, along with the measurements of potential new investments. The Group uses invested capital as a basis for this calculation as it reflects tangible and intangible assets the Group has added through its capital investment programme, the intangible assets the Group has added through acquisition, as well as the working capital requirements of the business.

The Group calculates ROIC as Net Adjusted Operating Profit After Tax ('NOPAT') divided by average invested capital. NOPAT is calculated as Adjusted Operating Profit plus share of profit of associates before tax, less tax at the effective rate in the Condensed Income Statement. Invested Capital is calculated as net assets (total assets less total liabilities) excluding Net Debt and the carrying value of derivatives not designated as fair value hedges, it also excludes retirement benefit obligations (net of deferred tax assets). Average Invested Capital is calculated by adding together the invested capital from the opening and closing balance sheet and dividing by two.

The following table sets forth the calculation of NOPAT and invested capital used in calculation of ROIC for the financial period indicated in respect of the Group.

	12 months to March 2018 £m
Adjusted Operating Profit	**144.5**
Share of profit of associates before tax	**0.9**
Taxation at the effective tax rate[(A)]	**(13.4)**
NOPAT	**132.0**

(A) The effective tax rates for the financial period ended 30 March 2018 and 29 September 2017, were 11% and 8% respectively.

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS

16. Alternative Performance Measures (continued)

Return on Invested Capital ('ROIC') (continued)

	Half year 2018 £m	Half year 2017 £m
Invested capital		
Total assets	**1,926.4**	2,109.2
Total liabilities	**(1,240.3)**	(1,380.2)
Net Debt	**522.2**	556.6
Derivatives not designated as fair value hedges	**8.8**	22.9
Retirement benefit obligation (net of deferred tax asset)	**89.0**	109.9
Invested capital	**1,306.1**	1,418.4
Average invested capital for ROIC calculation	**1,362.3**	
ROIC (%)	**9.7%**	

17. Information

Copies of the Half Yearly Financial Report are available for download from the Group's website at www.greencore.com

18. Auditor Review

This Half Yearly Financial Report has not been audited.

NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS

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 Central Bank of Ireland 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 30 March 2018 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 Interim Management 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 30 March 2018 and a description of the principal risks and uncertainties for the remaining six months; and
- The Interim Management Report includes a fair review of related party transactions that have occurred during the first six months of the current financial year and 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 performance of the Group in the first six months of the current financial year.

P.F. Coveney	**E.P. Tonge**
Chief Executive Officer	Chief Financial Officer
Date: 21 May 2018	Date: 21 May 2018