



Innovation



INTERIM RESULTS

for the half year ended 25 March 2011



Efficiency



Quality



INTERIM RESULTS



Highlights

Patrick Coveney, CEO

Financial Review

Alan Williams, CFO

Operating Review

Patrick Coveney, CEO

Outlook

Patrick Coveney, CEO

Q & A

Open to the Floor

HIGHLIGHTS



- Good Group H1 performance in challenging market conditions
- Pursuit of Northern Foods combination did not distract from underlying performance and development of the Group in the UK and US
- Completion of the refinancing of primary bank facility in May of £280m, pushing average debt maturity to 4.6 years
- An organisation fully focused on driving shareholder value through growth in our core business, supplemented, in time, by appropriate on-strategy corporate development

FINANCIAL REVIEW

Alan Williams
Chief Financial Officer

2011 FINANCIAL DELIVERY



	HI FY11	Versus HI FY10	CC*** vs HI FY10
Revenue	€442m	+7.9%	+4.4%
Operating profit*	€27m	+1.7%	-2.2%
Operating margin*	6.1%	-40bps	-40bps
Effective tax rate	18%	-	N/A
Continuing adjusted EPS**	6.8c	+41.7%	+35.4%

* before exceptional items and acquisition related amortisation

** before exceptional items and acquisition related amortisation, pension financing, change in the fair value of derivatives and FX effects

*** constant currency

CONVENIENCE FOODS



Continuing

	HI FY11 €m	HI FY10 €m	% Change	% Change CC*
Revenue	402.4	372.0	+8.2%	+4.3%
Operating profit**	26.0	24.8	+4.9%	+0.7%
Margin	6.5%	6.7%		

- Encouraging sales performance
 - Challenging consumer & retail environment
 - Significant weather disruption in UK and US
- Margin decline of 20bps in face of challenging market conditions and weather impact

* constant currency

** before exceptional items and acquisition related amortisation

INGREDIENTS & PROPERTY



Continuing

	HI FY11 €m	HI FY10 €m	% Change	% Change CC*
Revenue	39.5	37.5	+5.3%	+5.3%
Operating profit**	1.0	1.8	-42.4%	-42.4%

- Division represents less than 10% of Group activity
- Comprises edible oils, molasses and property trading
- Reduction in operating profit fully explained by year-on-year decrease in property trading profits
- Work continues on monetising latent value in property portfolio

* constant currency

** before exceptional items and acquisition related amortisation

DECREASING FINANCE COST

€m	HI FY11	HI FY10
Bank interest payable	(9.2)	(13.9)
Unwind discount to present value	0.1	(0.2)
<i>Finance cost*</i>	<i>(9.1)</i>	<i>(14.1)</i>
Pension charge	(0.7)	(0.1)
FX/Fair value of derivatives	<u>4.0</u>	<u>(0.8)</u>
Net finance charge	<u>(5.8)</u>	<u>(15.0)</u>

* before fair value, FX and pensions

EPS AND DIVIDEND



€ cent	HI FY11	HI FY10
Adjusted EPS		
- continuing EPS	6.8	4.8
- discontinued EPS	-	<u>3.7</u>
Total adjusted EPS	6.8	8.5
Dividend per share		
- interim proposed	3.0	3.0

- Continuing adjusted EPS up 41.7% (on a reported basis)
- Total dividend for FY11 expected to be within the 40-50% of EPS payout policy range

NET EXCEPTIONAL COSTS

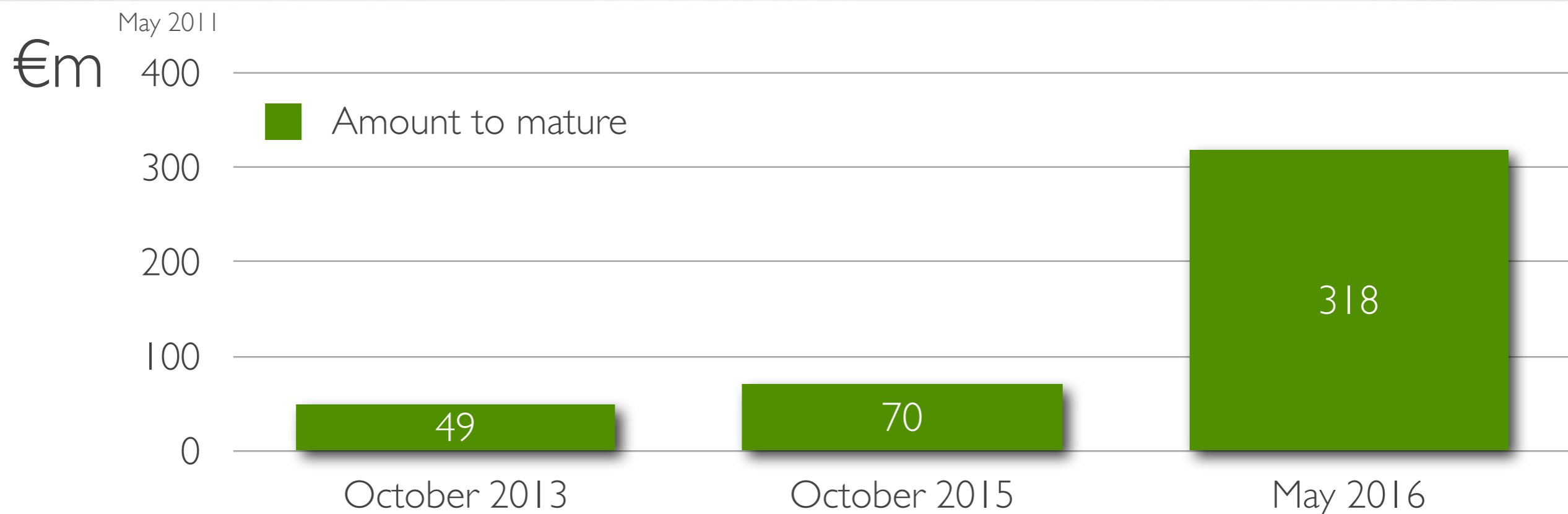
HI FYII Exceptionals	Income Statement €m	HI Cash Impact €m
Transaction costs	(13.6)	(7.7)
Legal settlement	(4.1)	(3.2)
Pre tax impact	(17.7)	(10.9)
Tax on exceptional items	0.1	n/a
Post tax impact	(17.5)	(10.9)
Prior year items cash impact	-	(3.5)
Total	(17.5)	(14.4)

CASHFLOW

€m	HI FY11
EBITDA	37.7
Working capital movement	(20.6)
Net capex	(15.2)
Exceptional items	(14.4)
Acquisition/disposal of undertakings	(12.6)
Interest payments	(10.6)
Settlement of derivatives	(4.6)
Pension deficit funding	(4.9)
Dividends payable	(4.8)
Purchase of own shares, tax, other movements	(1.6)
Net cashflow	(51.6)
Other movements including FX and hedge accounting movement	8.3
Opening net debt	(193.4)
Closing net debt	(236.7)

REFINANCING

- In May 2011, a new primary bank facility of £280m was put in place for a five year term at improved rates
- This extends our average debt maturity from 1.6 years to 4.6 years



SUMMARY

FINANCIAL PERFORMANCE

- Good performance in Convenience Foods despite challenging market conditions
- Ingredients & Property performance impacted by reduced property trading profits
- Continuing adjusted EPS growth of 41.7% to 6.8 cent
- Interim dividend of 3.0 cent with FY11 payout ratio expected to be within the 40-50% policy range
- Completion of refinancing of primary bank facility of £280m for five year term



OPERATING REVIEW, STRATEGY & OUTLOOK

Patrick Coveney
Chief Executive Officer

SUMMARY



1. Drivers of H1 FY11 performance

- Market factors impacting revenues and operating performance
- Category scale driving strong performance in Food to Go and Prepared Meals
- Emerging US business

2. Group strategic priorities

- Group strategy
- Corporate development

3. Outlook

I. OUR H1 FY11 PERFORMANCE



Constant currency Convenience Foods business performance

Revenue growth +4.3%

Operating profit
growth +0.7%

Operating margin 6.5%

- Good performance in Convenience Foods despite market challenges
- Continued delivery of above market revenue and share gains across portfolio
- Enhanced reputation with customers reflected by multiple industry and supplier awards
- Further progress in the US business

I. DEMAND VOLATILITY



- Decline in consumer sentiment in Jan-Mar 2011 impacted on grocery spend
- Severe weather disruption in Dec 2010 (& in US in Jan 2011) had a significant impact on operations, supply chain and shopper behaviour
- Consumer recovery in volumes evident as we transitioned to H2

I. INPUT PRICE VOLATILITY

COMMODITY INFLATION

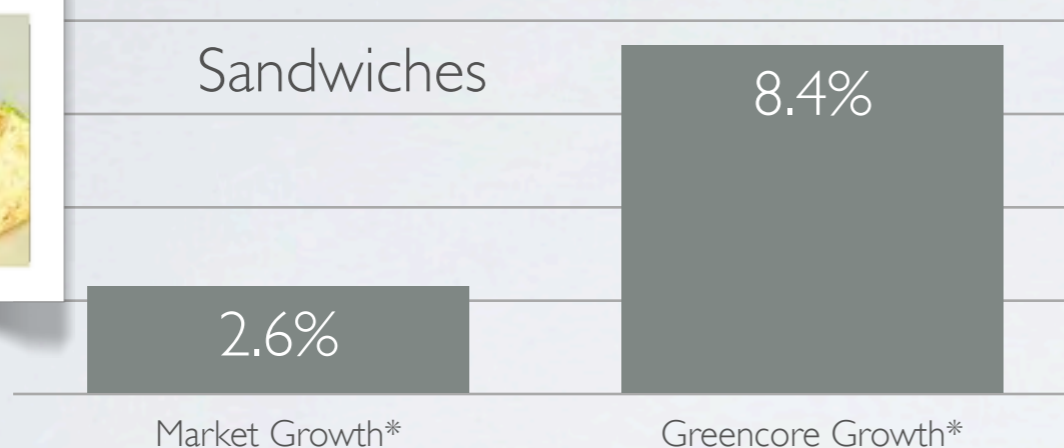
- FY10 overall commodity price movements negligible
- FY11 overall inflation running at c. 4% to 5%
 - Less pronounced in H1
 - More pronounced in H2
 - Significant inflation pressure in sugar, paper, dairy, bread & oils
 - Over 85% covered for FY11
- Greencore processes to mitigate impact
 - Total Lowest Cost & Lean
 - Price increase traction
 - Product reconfiguration



- Despite consumer, weather and inflation impacts, our Convenience Foods business has delivered well:
 - Constant currency sales growth of 4.3%, with encouraging trajectory through H1
 - Operating margin 6.5%

I. KEY PERFORMANCE DRIVERS

At our largest businesses



- Strong overall category performance, share gains with core customers and significant new business wins sustained an above market trajectory
- Trend indicates consumers trading up from value to core
- Customer focus, consumer insight, manufacturing scale, distinctive distribution and organisational stability represent the foundations for this performance



- Re-energised category delivering strongly across multiple customers
- Better industry supply/demand balance allowing investment in consumer insight and product development to sustain quality and growth
- Year-on-year impact of new business wins driving strong above market growth

I. PROGRESS IN THE US



- Newburyport re-fit and capacity upgrade completed in November 2010
- 'On A Roll' acquired to drive food to go sales, especially in convenience channels - already fully integrated and performing well
- Weight Watchers customer footprint extended to Wal-Mart



2. GROUP STRATEGY

Strategy

- A focused convenience foods business capitalising on favourable, long-term consumer and retailer dynamics
- An industry leading UK business, supplemented by an emerging regional US business
- Business growth driven by attractive organic growth supplemented by 'on strategy' corporate development

Driver

- Centred on chilled prepared foods
- Focused on private label
- Market leading category scale
- Concentration on mass market retail
- Well-invested, efficient assets
- Latent value in property portfolio to be monetised
- Excellent, motivated, empowered leadership team
- A distinctive, performance-orientated, energetic and entrepreneurial culture

2. CORPORATE DEVELOPMENT

- Group strategy drives development agenda
- Our team devoted considerable time and resources to a combination with Northern Foods - a combination that was fully aligned with our strategy
- Although disappointed, we gained several important insights from the 'Northern' process
- Good development opportunities continue to exist but we will be measured, strategic and highly value sensitive in our approach



3. OUTLOOK



- Good trading in Convenience Foods in H1 FY11
- Seasonally more important second half has started well and we continue to experience strong demand for our convenience food offerings
- Input price inflation is now running at more pronounced levels - managing its impact will remain a key area of focus
- With continued good revenue growth, coupled with a material reduction in interest charges, the Board anticipates delivering adjusted EPS in line with market expectations

greencore

bringing
convenience
to good food

