



Interim Results

For the half year ended 29 March 2013

greencore group

AGENDA

Highlights	Patrick Coveney, CEO
Financial Review	Alan Williams, CFO
Operating & Strategic Review	Patrick Coveney, CEO
Outlook	Patrick Coveney, CEO
Q&A	Open to the Floor

HIGHLIGHTS

1. Strong strategic delivery

- Uniq fully integrated
- US scale-up well underway
- Organisation and capability enhanced

2. Double digit EPS growth in H1 13

- Resilient business and financial model
- Operational and financial efficiencies delivering strong EPS growth despite volume headwinds

3. Positive outlook for rest of FY13

- Anticipate further strategic and organisational progress
- Confident in delivering expectations

FINANCIAL REVIEW

Alan Williams

Chief Financial Officer

FINANCIAL SUMMARY

	H1 13	Versus H1 12
Revenue	£572.9m	+0.9%
Operating profit[1]	£33.7m	+6.3%
Operating margin[1]	5.9%	+30 bps
Adjusted PBT[2]	£26.5m	+9.9%
Adjusted earnings per share[2]	6.1p	+10.9%

1. Operating profit and margin are stated before exceptional items and acquisition related amortisation
2. Adjusted profit before tax and adjusted earnings measures are stated before exceptional items, pension finance items, acquisition related amortisation, FX on inter-company and certain external balances and the movement in the fair value of all derivative financial instruments and related debt adjustments

CONVENIENCE FOODS

	H1 13 £m	H1 12 £m	% change
Revenue	542.1	532.6	+1.8%
Operating profit[1]	32.1	30.7	+4.7%
Operating margin[1]	5.9%	5.8%	+10 bps

- Revenue growth significantly impacted by changes in the portfolio during the period
- UK like for like revenue* was 1.3% lower mainly due to impact of horsemeat scandal and lower market growth rates
- US revenues more than doubled through net impact of MarketFare and Schau acquisitions and portfolio rationalisation in the 'legacy' business
- Good growth in operating profit despite challenging conditions due to strong operating and financial discipline

* Like for Like revenue excludes both the International Cuisine acquisition and the Uniq desserts activities which were exited or sold

INGREDIENTS & PROPERTY

	H1 13 £m	H1 12 £m	% change	% change constant currency
Revenue	30.8	35.1	-12.4%	-9.4%
Operating profit[1]	1.6	1.0	+53.4%	+57.8%

Division represents c. 5% of Group activity

- Decline in revenue driven by edible oils trading activity while the molasses feed business benefitted from poor weather in the period
- Increase in operating profit due to better mix in oils and growth in molasses revenues
- Planning consent on Littlehampton site is now definitive and marketing will commence over next few months as planned
- Exceptional charge recognised on legacy Irish property portfolio

FINANCING AND TAX

Financing

- Bank interest payable fell to £7.7m (H1 12: £8.1m) driven by lower effective interest rate on primary bank facilities
- Net finance charge taking into account non-cash adjustments* also £7.7m (H1 12: £7.9m)

Tax

- Income statement effective tax rate remains very low at 1% (FY12: 4%) benefitting from historic tax losses
- Movement in the period reflects changes in corporation tax rates and the net movement in current and deferred tax provisions

*Pension financing charge, fair value of derivatives and related debt adjustments and charge related to present value of assets and liabilities.

EXCEPTIONAL ITEMS

H1 13 Exceptional Items	Income Statement £m
Integration costs of UK acquisitions	(2.2)
Integration costs of US acquisitions	(1.1)
Property related charges	(9.2)
Pension curtailment gain	4.4
Pre tax impact	**(8.1)**
Tax relief on exceptional items and resolution of tax positions	8.6
Net exceptional credit	**0.4**

EPS AND DIVIDEND

EPS & Dividend	H1 13	H1 12
Adjusted earnings[2]	£23.8m	£21.1m
Denominator for earnings per share	391.5m	382.3m
Adjusted earnings per share[2]	6.1p	5.5p
Interim dividend per share	1.90p	1.75p

EPS

- Adjusted earnings 12.9% ahead
- Adjusted earnings per share up 10.9%

Dividend

- 8.6% increase in interim dividend
- The Board intends to increase total dividend distribution in line with adjusted earnings per share growth in the financial year

CASHFLOW

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Lower operating cash inflow driven by seasonal working capital outflow (H1 12 benefitted from reductions in working capital in former Uniq businesses) and phasing of capital expenditure

£m	**H1 13**	**H1 12**
EBITDA	45.9	43.4
Working capital movement	(17.3)	(12.2)
Net capex	(18.4)	(14.1)
Interest & tax	(7.6)	(7.2)
Operating cashflow	**2.6**	**9.9**
Pension financing	(6.3)	(7.0)
Exceptionals	(10.6)	(10.1)
Dividends paid	(5.0)	(4.3)
Other including FX	(3.7)	2.2
Cash outflow before M&A activity	**(23.0)**	**(9.3)**
Acquisitions/disposals	8.4	(113.1)
Increase in net debt from year end	**(14.6)**	**(122.4)**

NET DEBT AND LEVERAGE

- Net debt at 29 March 2013 of £272.6m – equivalent to c. 2.7 times leverage for bank covenant purposes
- Increase of £14.6m from 28 September 2012 driven by seasonal working capital outflow, capital expenditure and adverse FX movement of £5.0m on translation of USD denominated debt
- The Group remains well financed with total committed facilities of £438m and a weighted average maturity of 2.8 years at 29 March 2013
- Strong free cash generation and leverage reduction remains a focus area for the Group

PENSIONS

- All Group Defined Benefit pension schemes were closed to future accrual with effect from 2010
- As at 29 March 2013, IAS19 pension deficit of £126.0m, net of related deferred tax asset, an increase of £10.1m from September 2012
- Increase is due to liabilities rising more quickly than asset values – key driver is a material increase in UK inflation expectations despite a further fall in discount rates
- Subsequent to period end an asset backed structure was put in place to address £40m of the actuarial deficit in the primary UK scheme
- Further actions under development by scheme

SUMMARY - BUSINESS PERFORMANCE GOALS

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Revenue
-LFL growth of > 5%

- UK Chilled Convenience Foods will continue to grow ahead of overall UK Food
- Increasing exposure to fast growing US Convenience Channel fresh food offer

Operating profit*
- margin of > 6%

- Maintain gross margin in UK and seek to absorb indirect cost inflation through efficiencies
- Gain operating leverage in US

Interest & Tax
- continued reduction

- Declining interest charge with reducing net debt
- Low Effective Tax rate and little cash tax

Return on Capital
- ROIC > 12%

- Delivery of sustained profit progression
- Ensure tight management of fixed and working capital

- Substantial improvement in free cash generation potential
- Targeted reduction in leverage to below 2.0 times

*Operating Profit before exceptional items and acquisition related amortisation

OPERATING
&
STRATEGIC REVIEW

PATRICK COVENEY
CHIEF EXECUTIVE OFFICER

1 STRATEGIC PROGRESS IN FY13

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Complete Uniq Integration

- Evercreech refurbishment project completed with transfer of premium products from Minsterley
- Disposal of Minsterley to Müller Dairy UK completed
- Synergies fully realised

Absorb International Cuisine

- Prepared Meals manufacturing footprint reorganised
- Purchasing, operational and capability synergies on track

Scale-up US Business

- Investment in US team and organisation
- Integration of MarketFare and Schau
- Enhanced capacity at Fredericksburg, Jacksonville and Chicago facilities
- Investment in common ERP platform
- Starbucks rollout

2 UK MARKET CONTEXT

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Household budgets still under significant pressure

Retailers facing challenging volume environment

52 w/e October 2012

5.0%

26 w/e March 2013

1.2%

Chilled Convenience*

Weather – the coldest March in the UK since 1962

Impact of horsemeat scandal on consumer confidence

* Source, Nelsen, pre-defined chilled convenience foods categories

3 UK CONVENIENCE PERFORMANCE
- TACKLING MARKET CHALLENGES

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Challenge	Greencore actions in H1
Delivering margin enhancement in low volume growth environment	• Fully recovering input price inflation • Driving 'Lean Greencore', operational efficiencies and waste reduction across portfolio • Tackling specific challenges in lower margin divisions and sites
Seeding future growth in uncertain and challenging environment	• Building exposure to fast-growing convenience and discounter channels • Balancing our exposure across wider customer and channel set – while organising to help every customer 'win'! • Driving innovation within and beyond current categories to excite consumers, deliver 'provenance', drive health and build value for us and our customers

UK CONVENIENCE PERFORMANCE
- FOOD TO GO

c. 40% of Group revenue

37%*
Market share Pre-packed sandwiches

- Broad customer, channel, capability and product mix provides resilient performance in uncertain and challenging market
- Weather impacts and very tough prior year comparators slowed market growth substantially in H1**
  - Market growth: -0.2%
  - Greencore growth: 0.1%
- Performance and growth driven by innovation and range enhancement with core customers (rather than new customer wins) with focus on health, provenance, sustainability and consumer excitement

* Estimated Nielsen 52 w/e 30 March 2013 and Greencore retail sales figures
** Estimated Nielsen 26 w/e 30 March 2013 and Greencore retail sales figures, weighted average total food to go

3 UK CONVENIENCE PERFORMANCE
- PREPARED MEALS

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Prepared Meals

- Reported revenue up 10.7%, like for like performance 5.9% lower*
- Good growth delivered across quiche, soup and chilled sauces
- Chilled ready meals, particularly Italian, impacted by horsemeat scandal
  - Market growth CRM**: 3.1%
  - Market growth Italian**: -1.8%

Horsemeat scandal
- actions we have taken

Supply chain
- Supply chain simplification – exit of number of suppliers
- Raw beef products on positive release
- Full risk assessment of all beef related products

Sites
- Introduction of enhanced speciation controls
- Additional technical resource to drive best practice

Consumers
- Developing locally sourced product ranges
- Working to rebuild consumer confidence with customers through labelling, PR and promotional initiatives

Customers
- Sharing site and supply chain best practice with customers
- Supporting development of industry code of practice for speciation controls

* Excludes the impact of the International Cuisine acquisition
** Nielsen 26 w/e 30 March 2013

3

UK CONVENIENCE PERFORMANCE
- GROCERY

81%*

Market share O/L cooking sauces

- Grocery activity focused on cooking sauces, table sauces and pickles; Frozen Foods comprised of Yorkshire puddings and toad-in-the-hole
- Good business revenue growth of 4.5% versus flat cooking sauce market**
- Manufacturing scale and capability underpins economic model and new channel growth
- From start of H2, our Grocery leadership team will also assume management of our retail cakes business in Hull

* Nielsen 52 w/e 30 March 2013
** Nielsen 26 w/e 30 March 2013

4 GREENCORE USA
- H1 PERFORMANCE

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- US business transformed with the acquisition and successful integration of MarketFare and Schau
- Reported revenues over 120% higher
- Starbucks successfully launched in Boston area in January out of Newburyport and subsequently launched in Chicago, Fredericksburg and Jacksonville in April
- Product rationalisation across ‘legacy’ sites delivering a tighter product portfolio focused on food to go and salads

4 GREENCORE USA
- STARBUCKS & 7-ELEVEN STORE COVERAGE FOR FOOD TO GO

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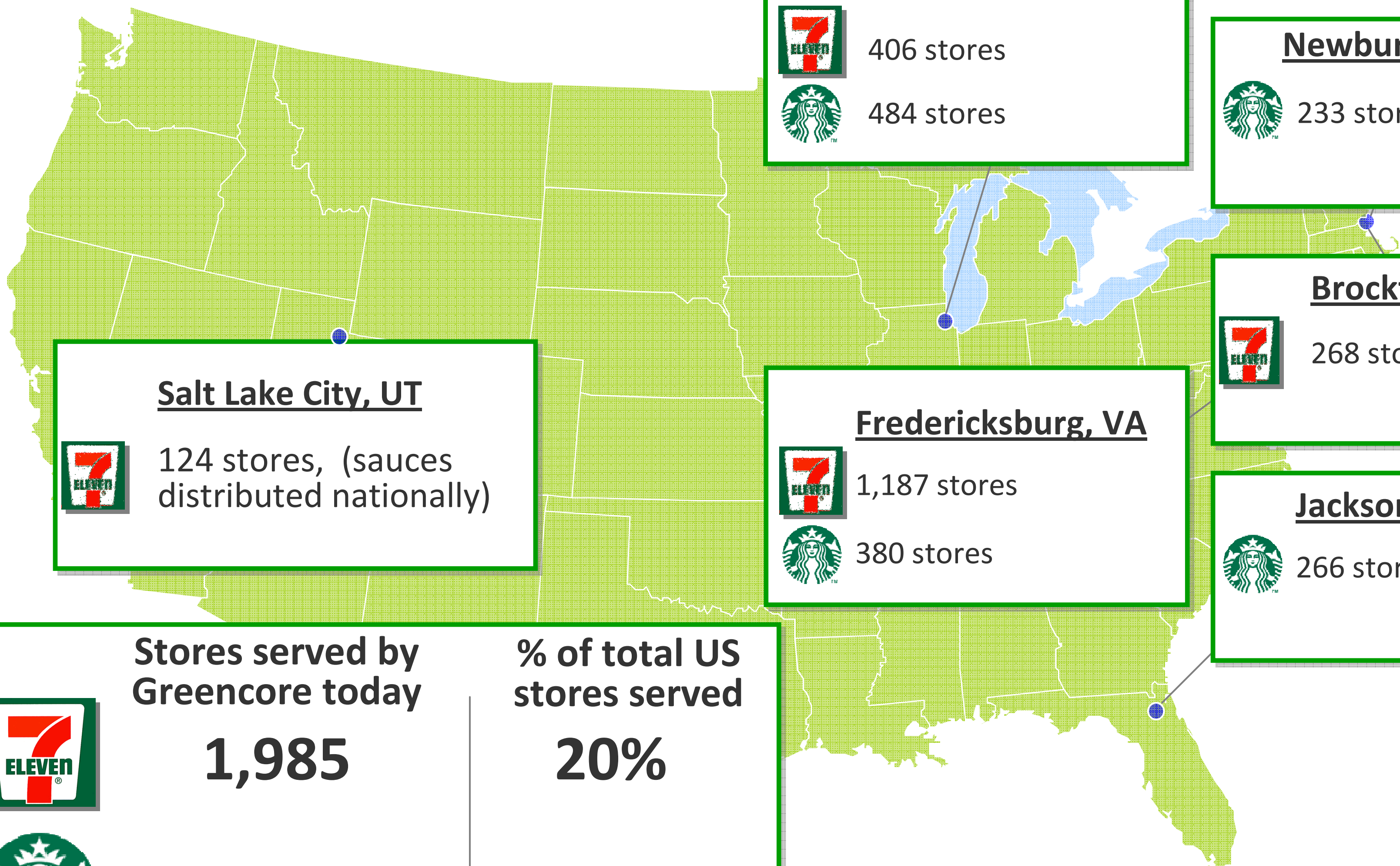

Chicago, IL
7-Eleven: 406 stores
Starbucks: 484 stores

Newburyport, MA
Starbucks: 233 stores

Brockton, MA
7-Eleven: 268 stores

Salt Lake City, UT
7-Eleven: 124 stores, (sauces distributed nationally)

Fredericksburg, VA
7-Eleven: 1,187 stores
Starbucks: 380 stores

Jacksonville, FL
Starbucks: 266 stores

	Stores served by Greencore today	% of total US stores served
7-Eleven	1,985	20%
Starbucks	1,363	12%

5 A FOCUSED GROWING FOOD TO GO LEADER

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Revenue **£1.2bn**

	UK Food to Go	UK Prepared Meals	UK Grocery & Frozen Foods	UK Cakes & Desserts	US Food to Go	Ingredients & Property
c. % of run rate revenue	40	20	10	10	15	5
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- Scale UK business with strong market leading positions and broad customer mix
- Significant recent growth in food to go positions and capabilities in UK and US, reshaping the Group's strategy and prospects
- Consistent commitment to long term growth, margin, returns and leverage targets

6 OUTLOOK

- Market conditions expected to remain challenging in the UK
  - Little or no volume growth
  - Ready meals category still to recover fully from horsemeat scandal
  - Consumers under considerable financial pressure
  - Moderating input cost inflation

- The Group remains confident in its ability to deliver adjusted EPS growth in FY13 in line with expectations

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bringing
convenience
to good food