

Interim Results

For the half year ended 28 March 2014

greencore
group



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

1. Strong first half performance: 18.6% increase in adjusted EPS
2. Food to go led strategy working well in UK and US
3. Step-up in strategic investments to support confirmed new business
4. Announcement of Northampton investment and disposal of foodservice desserts business, Ministry of Cake



FINANCIAL REVIEW

Alan Williams
Chief Financial Officer

FINANCIAL SUMMARY

	H1 14	Versus H1 13
Reported revenue	£619.8m	+8.2%
Operating profit ¹	£37.2m	+14.0%
Operating margin ¹	6.0%	+30bps
Adjusted PBT ²	£30.7m	+20.5%
Adjusted earnings per share ²	7.0p	+18.6%

¹ Operating profit and margin are stated before exceptional items and acquisition related amortisation. Operating profit and financing for H1 13 have been restated to reflect the impact of IAS19 (Revised 2011): Employee Benefits ("IAS19 (Revised)")

² Adjusted PBT 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. H1 13 comparatives have been restated to reflect the impact of IAS19 (Revised)

	H1 14 £m	H1 13 £m	% change
Reported revenue	587.9	542.1	+8.4%
Operating profit ¹	35.9	31.3	+14.9%
Operating margin ¹	6.1%	5.8%	+30 bps

- Like for like revenue* growth of 9.6%
 - Food to go products benefiting from convenience channel development and improving economic conditions
 - Rollout of major customer contract in the US
- Operating profit growth and margin expansion
 - Good operating profit conversion
 - Underlying improvements in lower margin businesses

*References to like for like ("LFL") revenue growth exclude the desserts activity which was sold to Müller Dairy UK in January 2013, Lettieri's revenue since acquisition and are expressed in constant FX

	H1 14 £m	H1 13 £m	% change	% change constant currency
Revenue	31.9	30.8	+3.7%	+2.8%
Operating profit ¹	1.3	1.4	-6.6%	-7.7%

Division represents c. 5% of Group activity

- Increase in revenue driven by edible oils trading volume
- Molasses revenue lower due to milder weather
- Negotiations progressing on the disposal of Littlehampton site

Financing

- Bank interest payable fell to £7.0m (H1 13: £7.7m) - lower net debt and lower effective interest rate
- H2 14 expected to be modestly higher given investments

Tax

- Effective tax rate remains very low at 1% (H1 13: Restated credit of 1%) - reflects continuing benefit from historic tax losses

Pensions

- IAS19 deficit of £105.5m, net of related deferred tax asset, a decrease of £8.7m from September 2013
- IAS 19 (Revised) applied – restatement impact detailed in appendix
- Cash funding requirement stable

H1 14 Exceptional Items	Income Statement Charge £m	<i>Of which: cash items</i> £m
Planned exit from Newburyport and Brockton US facilities	(9.8)	(1.2)
Impairment of investment in Ministry of Cake	(5.8)	-
Transaction and integration costs of US acquisition	(1.3)	(1.3)
Pre tax impact	(16.9)	(2.5)
Tax credit on exceptional items and resolution of tax positions	4.4	-
Net exceptional charge	(12.6)	(2.5)

EPS & Dividend	H1 14	H1 13
Adjusted earnings ²	£28.1m	£23.0m
Denominator for earnings per share	399.6m	391.5m
Adjusted earnings per share ²	7.0p	5.9p
Interim dividend per share	2.2p	1.9p

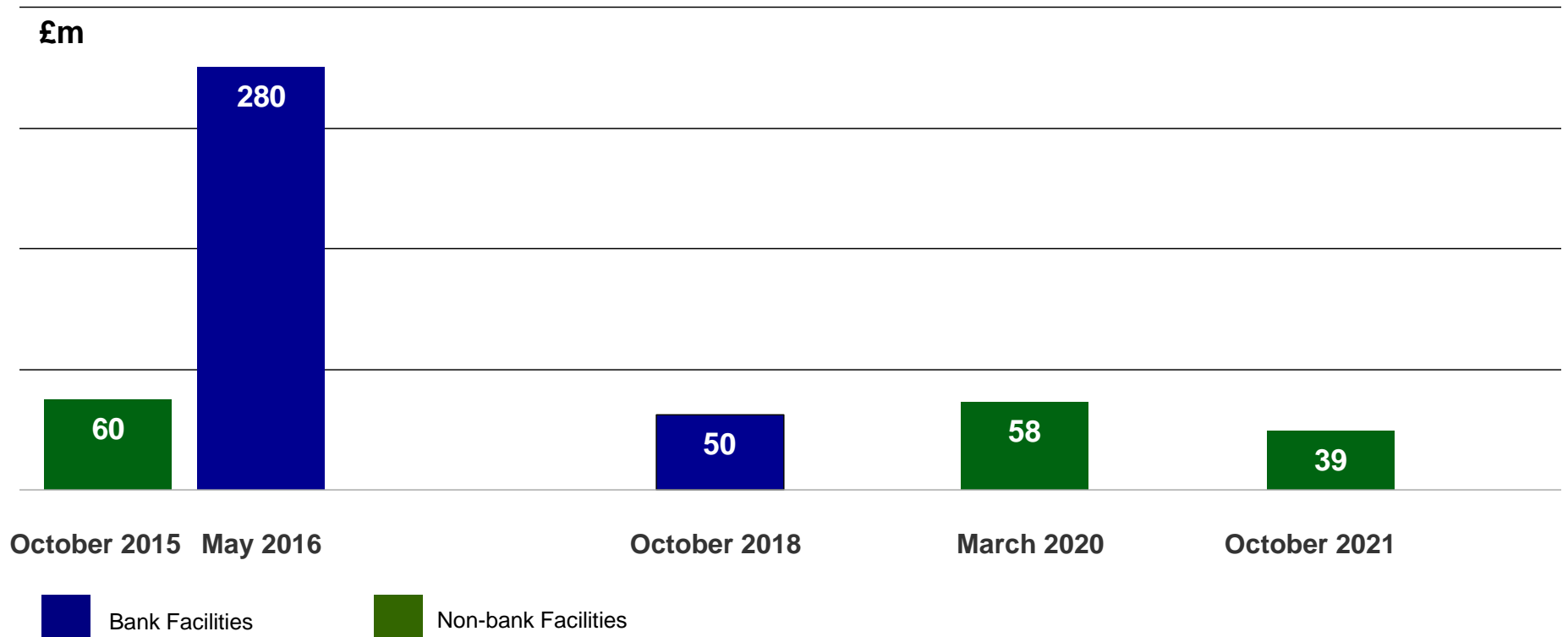
- Adjusted earnings 22.3% ahead
- Adjusted earnings per share up 18.6%
- 15.8% increase in interim dividend

CASHFLOW AND NET DEBT

Cashflow £m	H1 14	H1 13
EBITDA	50.6	44.9
Working capital movement	(14.1)	(17.3)
Net capex	(17.2)	(18.4)
Interest & tax	(8.4)	(7.6)
Operating cashflow	10.9	1.6
Pension financing	(5.1)	(5.3)
Exceptionals	(5.6)	(10.6)
Dividends paid	(4.5)	(5.0)
Other including FX	2.3	(3.7)
Cash outflow before M&A activity	(2.1)	(23.0)
Disposals/acquisitions	(23.0)	8.4
Increase in net debt from year end	(25.1)	(14.6)
Net debt £m	257.9	272.6

BORROWINGS PROFILE

- Total committed facilities of £487m – weighted average debt maturity of 3.2 years as at 28 March 2014
 - Arranged €70m (£58m) non-bank committed loan facility with 6 year maturity
 - Refinanced \$65m (£39m) of US private placement notes with new 8 year facility



- Group revenue up 8.2%
- Like for like Convenience Foods revenue growth of 9.6%
- Group operating profit up 14%
- Strong adjusted EPS growth of 18.6%



OPERATING & STRATEGIC REVIEW

PATRICK COVENEY
CHIEF EXECUTIVE OFFICER

1

EMBED food to go strategy across the Group

2

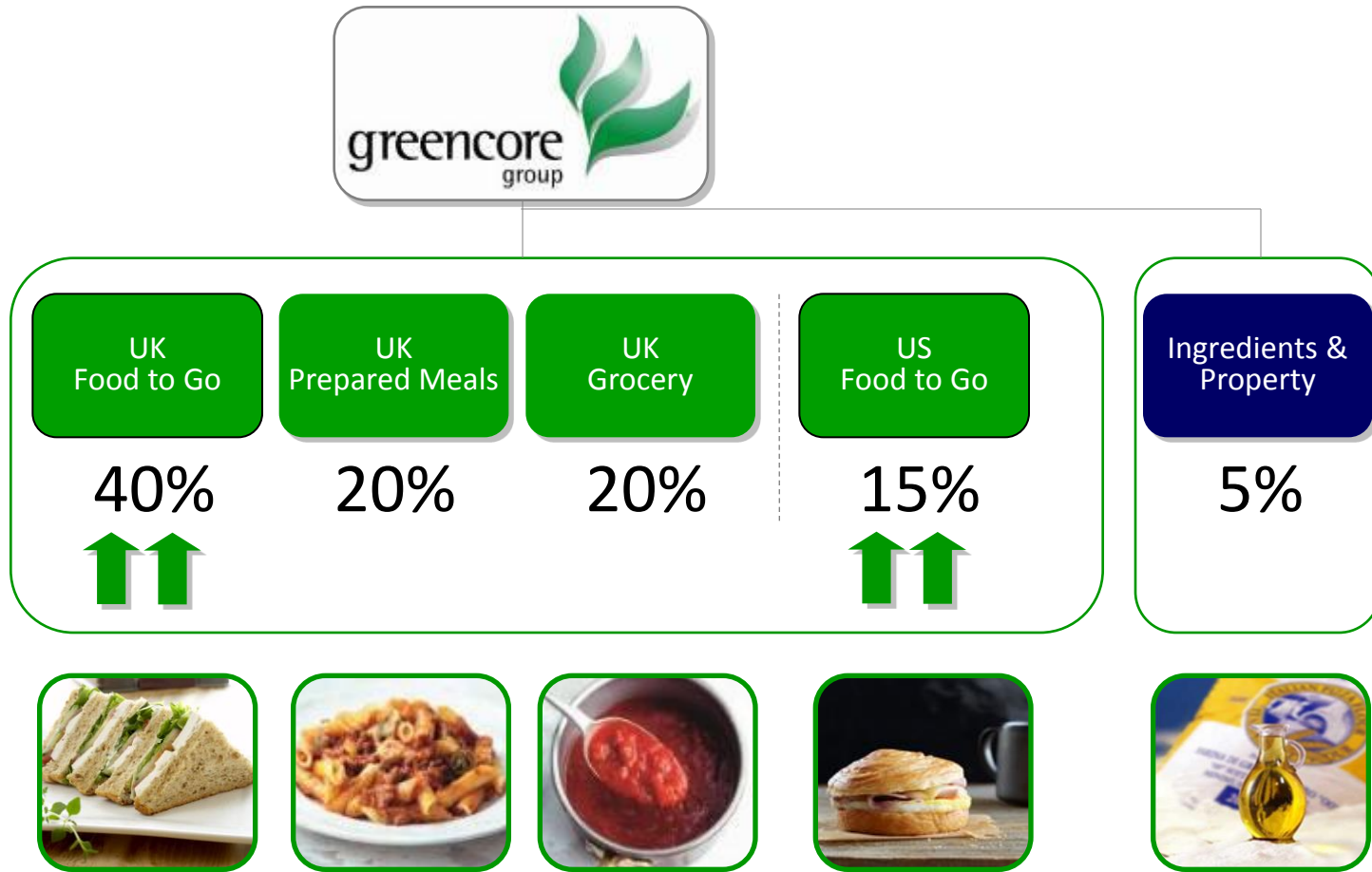
DRIVE growth and performance in UK
Convenience business

3

SCALE UP US Convenience business

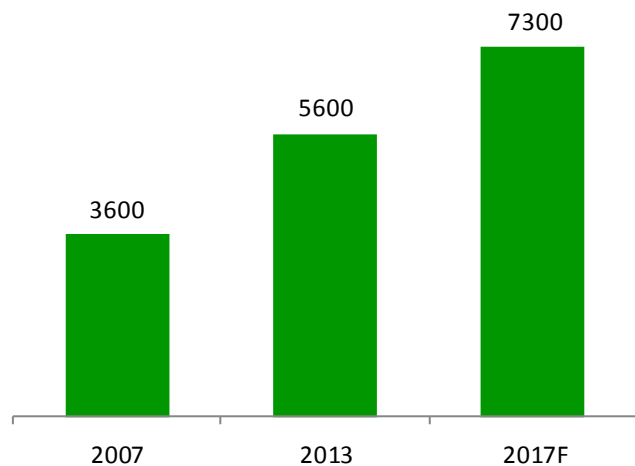
1 A FOCUSED, GROWING FOOD TO GO LEADER...

c. % of
run rate
revenue*



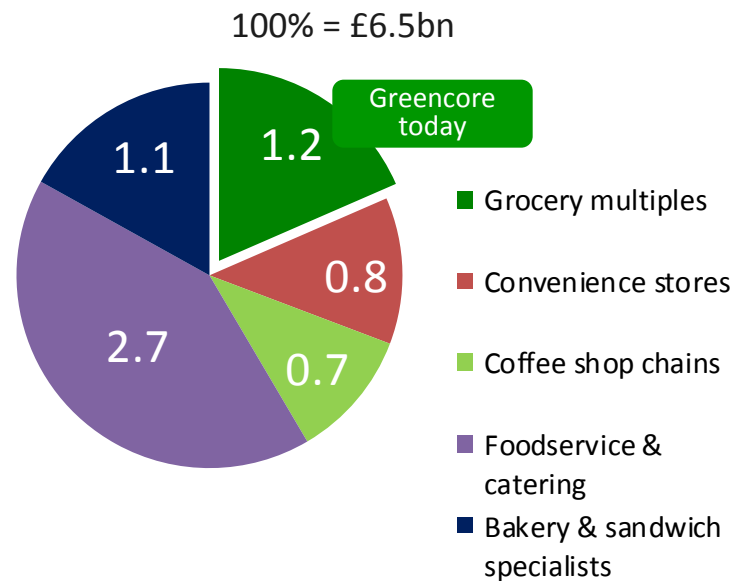
* Divisional shares rounded to the nearest 5%

Growth in convenience stores operated by UK multiples*



- Convenience formats 'over index' in food to go
- Projected growth of 7% in convenience formats
- Total announced plans of UK retailers would deliver well in excess of this growth

Channel extension opportunities in food to go market (£bn)**



- New channel formats emerging to meet consumer food to go needs
- Projected growth rate of 4% - with significant variation in growth by channel

* IGD Retailer Database (rounded to nearest 100)

** Kantar July 2013/BSA/Greencore Estimations

Our Position

- 37% share in sandwiches - #1 in market
- Broad manufacturing footprint
- Emerging positions in salads, sushi, soup and baked goods



Our Capability

- Industry-leading scale
- Leading edge food safety
- Customer insight, focus and passion
- Integrated, cost effective supply chains
- Flexible distribution models

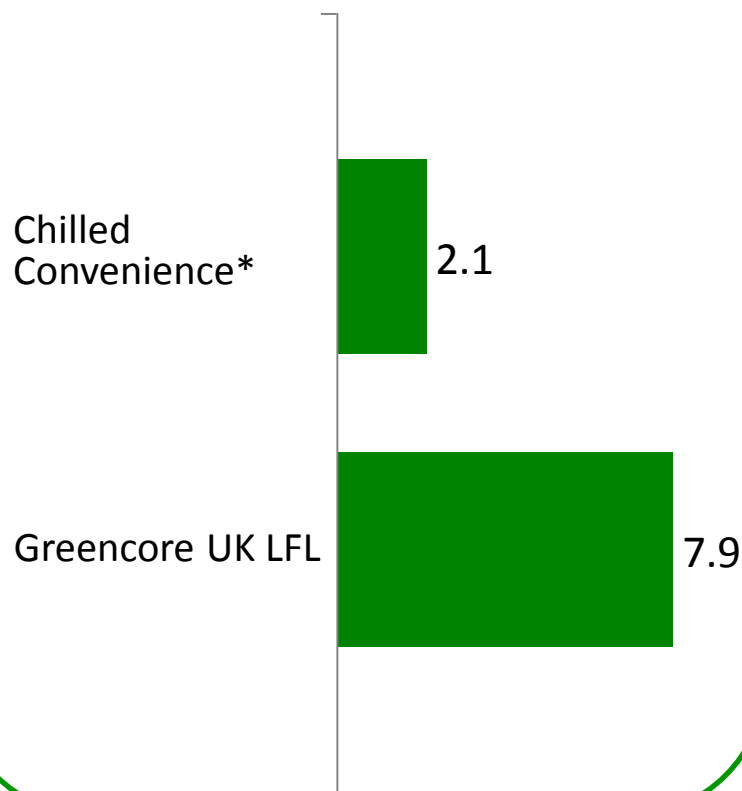


Our Economic Model

- Strong operational leverage
- Low capital intensity
- Sustainable operating margins



Convenience Foods growth %
26 weeks to end March 14



Driven by...

- Unit volume growth ($\frac{2}{3}$) and mix ($\frac{1}{3}$)
- Strong growth in convenience formats
- Portfolio weighted to food to go
- Increasing employment levels and consumer confidence

Food to Go



- Strong revenue growth of 17.2% versus market growth of 9.4%
- Successful re-launch activity and net listing gains

37%

Market share
sandwiches

Prepared Meals



- Revenue growth of 0.3%
- Improving trajectory through H1 in chilled ready meals
- Modest declines in soup and quiche

38%

Market share
chilled Italian
ready meals

Grocery



- Like for like revenue growth of 1.6%
- New business wins offsetting soft market
- 'Ministry of Cake' sold after the period end

82%

Market share
own label
cooking sauce

3 GREENCORE USA H1 DELIVERY

H1 Performance

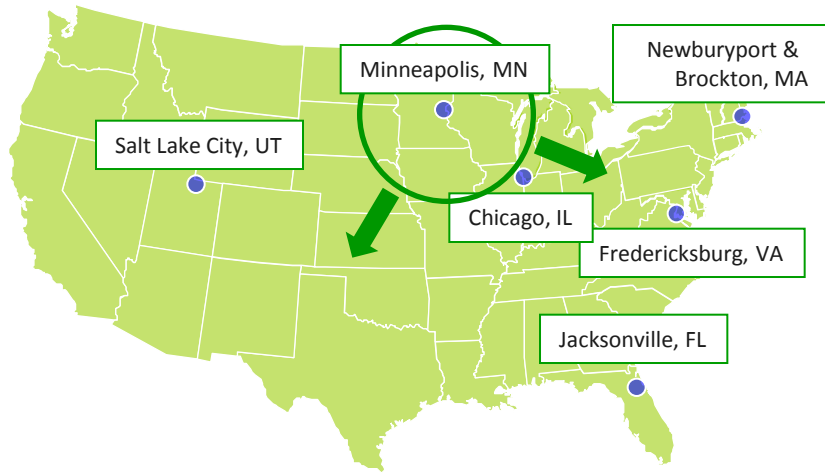
- Business focused on food to go categories to small store customers
- Like for like revenue up 25.7%
- Growth driven predominantly by rollout of new major contract
- Market volumes impacted by bitter winter across several regions
- Increased focus on hot eating solutions

Strategic Developments

- Acquisition of Lettieri's
- Strategic investment in Jacksonville facility
- Rhode Island new site investment



3.1 ACQUISITION OF LETTIERI'S

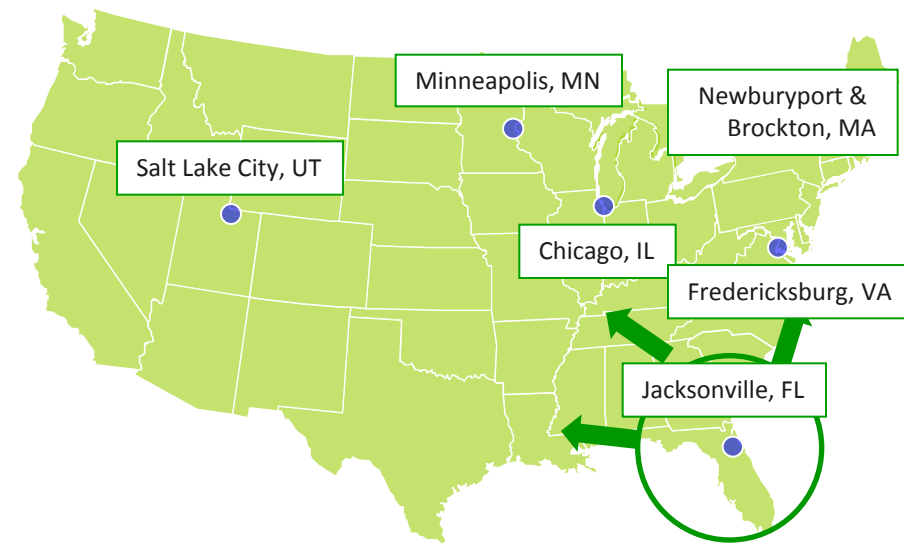


- A leading manufacturer of frozen food to go products for convenience store channel
- A modern purpose built facility in Minneapolis with high quality assets
- Current revenue of c.\$35m with significant capacity for future growth

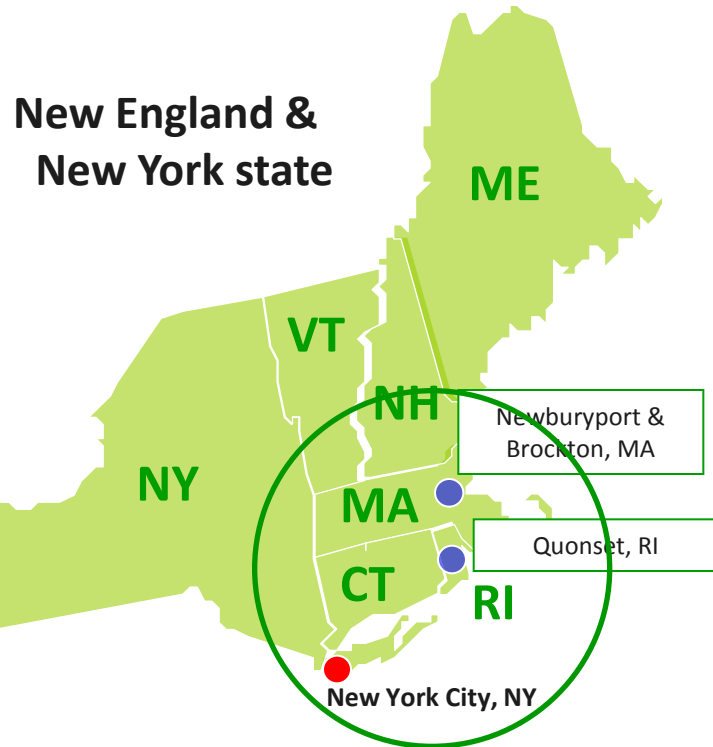


3.2 JACKSONVILLE INVESTMENT

- \$10m investment in frozen food to go capabilities
- Capacity to support \$100m of revenue with focus on hot eating products at breakfast and lunchtime
- First products coming to market in Q4 FY14



3.3 RHODE ISLAND INVESTMENT



- c.\$35m investment in a 100,000 square foot sandwich facility, opening in Spring 2015
- Phased exit from Newburyport and Brockton facilities during FY15
- Designed to deliver \$8m productivity savings on current footprint
- Capacity for future growth in North Eastern region

DELIVERING OUR STRATEGY – TODAY'S ANNOUNCEMENT

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



- Strong first half
- Economic conditions steadily improving but UK grocery market facing continued pressure and uncertainty
- Notwithstanding the strong comparator period, we expect to deliver good revenue growth in H2 14
- We remain confident in our ability to deliver adjusted EPS growth in line with market expectations



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bringing
convenience
to good food



Appendix

IAS 19 REVISED - IMPACT

- IAS19 (Revised) applied in H1 14
- H1 13 restated to reflect impact of IAS19 (Revised)

		H1 Impact		Estimated Full year impact
		H1 14	H1 13 (restated)	FY13 restatement
Operating Costs impact	Scheme administration costs including UK PPF levy now recognised in the Income Statement - previously charged directly to scheme liabilities	+£0.9m	+£1.0m	+£2.0m
Non Cash Financing Charge impact	Non cash financing charge increase as single liability discount rate used - previously a separate expected rate of return was applied to the assets and a finance charge applied to the liabilities	+£2.0m	+£0.9m	+£1.7m
Adjusted EPS impact	Scheme administration costs including UK PPF levy and tax impact of increased non cash financing charge included in adjusted EPS	-0.2p	-0.2p	-0.5p
Adjusted EPS		7.0p	5.9p	14.0p

- A leading manufacturer of convenience food in the UK and the US
- Strong market positions in the UK convenience food market across food to go, chilled prepared meals, chilled soups and sauces, ambient sauces & pickles, cakes & desserts and Yorkshire puddings
- A fast growing food to go business in the US, serving both the convenience and small store channels and the grocery channel
- Turnover of c.£1.2 billion in FY13
- Listed on the London stock exchange (GNC.L)



ORIGINS

a broad-based food and agribusiness centred around the Irish sugar business

- Greencore established in 1991 following the privatisation of Irish Sugar
- Acquisition of various malt and ingredients businesses in 1990's
- Diversification into convenience food following acquisition of Hazlewood Foods in 2001



TRANSITION

the exit of sugar and the rebalancing of the portfolio

- Exit of sugar announced in 2006
- Commencement of disposal programme, which sees disposal of malt, water, Dutch and grain trading businesses

FOCUS

convenience food in the UK and the US

- Strong UK growth through acquisitions of Uniq in 2011 and International Cuisine in 2012
- Entry in to US market through five acquisitions commencing in 2008

Food to Go

- No.1 manufacturer of sandwiches
- Also manufactures sushi as well as snack and side of plate salads
- UK sites in Worksop, London (2), Northampton, Spalding & Crosby



Prepared Meals

- Leading manufacturer of chilled prepared meals, quiche, chilled pasta sauce & chilled soup
- UK sites in Kiveton, Warrington, Wisbech, Bristol & Consett



Grocery

- No.1 manufacturer in own label cooking sauces & pickles
- A leading manufacturer of frozen Yorkshire puddings, ambient cakes and chilled desserts
- UK sites in Selby, Leeds, Hull & Evercreech



USA

- A fast growing food to go business in the US, serving both the convenience and small store channel and the grocery channel
- Seven sites in Newburyport (MA), Brockton (MA), Fredericksburg (VA), Salt Lake City (UT), Chicago (IL), Jacksonville (FL) and Minneapolis (MN)



Ingredients & Property

- Trilby Trading – a leading importer and distributor of oil and fats for food processing
- Premier and United Molasses – leading importers and distributors of molasses for animal feed and industrial use in Ireland
- Property – management of the Group surplus property assets

	Market Position	Market Share
Food to Go		
•Sandwiches	No.1	37%
•Sushi	No.3	21%
•Salads	No.4	12%
Chilled Meal Solutions		
•Chilled Italian Meals	No.1	38%
•Quiche	No.2	36%
•Chilled Italian Pasta Sauce	No.2	37%
Other Meal Occasions		
•Own Label Cooking Sauces	No.1	82%
•Own Label Pickles	No.1	65%
•Yorkshire Puddings (frozen baked)	No.2	37%
•M&S Premium Desserts	No.1	36%

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convenience
to good food

