FULL YEAR RESULTS STATEMENT
For the year ended 29 September 2017

28 November 2017

SIGNIFICANT GROWTH AND PROGRESS IN A CHALLENGING YEAR

HIGHLIGHTS

- Completed the acquisition of Peacock Foods in the US, the Group's largest ever acquisition, funded in part through a rights issue
- Enhanced the Group's leadership position in the UK through strong organic growth, supported by a substantial investment and rigorous cost management programme
- Group Pro Forma Revenue growth of 9.4%
- Operating leverage impacted by challenges associated with delivering the significant change and transformation programme, with considerable investment and restructuring charges also incurred
- Improved profit delivery and cash generation in second half of the year
- Overall investment and change in the year positions the Group well to drive profitable growth and returns in a dynamic marketplace

SUMMARY FINANCIAL PERFORMANCE[1, 2]

	FY17 £m	FY16 £m	Change
Group Revenue	2,319.7	1,481.9	+56.5%
Adjusted EBITDA	189.7	138.4	+37.1%
Adjusted Operating Profit	140.1	102.0	+37.4%
Adjusted Operating Margin	6.0%	6.9%	-90bps
Adjusted Profit Before Tax	116.7	85.9	+35.9%
Adjusted EPS (pence)	15.4	16.0	-3.8%
Proposed dividend per share (pence)	5.47	5.47	-
Exceptional Items	(78.2)	(17.4)	
Group Operating Profit	42.7	75.4	-43.4%
Profit before taxation	12.4	48.2	-74.3%
Basic EPS (pence)	1.9	9.5	-80.0%
Operating Cash Flow	117.8	113.9	+£3.9m
Net Debt	(519.2)	(331.8)	-£187.4m
Net Debt:EBITDA as per financing agreements	2.4x	2.4x	-
Return on Invested Capital ('ROIC')	12.2%	13.8%	-160bps

Commenting on the results, Patrick Coveney, Chief Executive Officer, said:
"Greencore has been substantially transformed this year and the decisions made and work undertaken in FY17 have set us up very well for further progress.

The acquisition of Peacock Foods and the significant UK network investments made to support large new business wins have reshaped our business. Group pro forma revenue growth was strong at 9.4% - driven in large part by 18.8% growth in UK Food to Go. We are pleased with the progress of the US integration to-date and with the development of our US commercial pipeline, as illustrated by a recently extended long term, strategic partnership with one of our largest and most important customers.

While we have delivered good financial and operating progress in the year, the transformation has not been without its challenges. However, we are confident that our strategy, portfolio, business model and momentum positions Greencore well to drive profitability, cash flows and returns in FY18 and beyond."

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[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 APM's along with their definitions are provided in the appendix
[2] Earnings per share and Dividend per share figures for FY16 have been restated to reflect the impact of the bonus element of the rights issue and are set out in notes 4 and 5.
[3] Market/category growth rates are based on Nielsen data for the 52 weeks to 9 September 2017, 7 October 2017 or 4 November 2017

STRATEGIC DEVELOPMENTS

Convenience Foods UK & Ireland

- Strong Pro Forma Growth of 18.8% in Food to Go driven by the Group's sole supply customer partnership model
- Strengthened the Group's leadership position in the food to go category with several significant business wins and commercial launches delivered to plan, plus contracts extended with core customers
- Capacity now in place for medium term growth in Food to Go, following a phase of intense network investment and the addition of further capacity through the acquisition of the Heathrow facility and the integration of the Atherstone facility
- Substantial investment in the UK ready meals network, and further rationalisation of the UK portfolio with the exit from the desserts manufacturing business in Evercreech
- Streamlining and strengthening of UK divisional and cost structures, and a review of technology investment plans to align with the Group's strategic objectives

Convenience Foods US

- Completed the acquisition of Peacock Foods at the end of December 2016, transforming the Group's US business
- US integration proceeding to plan, focussed on reducing overheads, optimising procurement and improving network efficiencies
- First business wins from the combined US commercial pipeline were delivered in the period, driven by new and existing Consumer Packaged Goods ('CPG') customers across the enlarged network
- Group recently extended its long-term, strategic partnership with one of its largest and most important customers

Cash flow and returns

- Increased focus on Group cash flow generation and capital discipline, targeting increased profit conversion from the existing asset base

OUTLOOK

Greencore anticipates delivering a year of strong growth in FY18 and is well positioned to drive improved profitability, cash flow and returns over the medium term. Building on what has been an intense phase of strategic progress and network investment, Greencore will now take advantage of its exposure to higher growth categories in the UK and US convenience food markets.

The Group anticipates good revenue growth in FY18, driven by a full year contribution from Peacock Foods and organic growth in both the UK and the US. Further new business wins are expected in the US, the financial impact of which will be determined by the phasing of commercial execution. The Group anticipates that the UK business will see a modest improvement in operating leverage despite continued inflationary pressures, and that the US division will benefit from the delivery of further cost synergies. The rate of EPS growth is expected to be moderated by an increasing tax rate. The Group also anticipates that by the end of the year it will be approaching its benchmark leverage ratio of approximately 2x Net Debt to EBITDA.

Basis of preparation

The financial information included within this full year results statement has been extracted from the audited consolidated financial statements of Greencore Group plc. Details of the basis of preparation can be found in Note 1 to the attached financial information.

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 full year 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 5602
UK number:	+44 (0)20 3427 1909
US number:	+1 646 254 3361
Pass code:	2622999

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)20 7984 7568
US replay number:	+1 719 457 0820
Replay code:	2622999

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About Greencore
Greencore is a leading international producer of convenience foods with extensive operations in the UK and the US. Headquartered in Dublin, it employs approximately 16,000 people in 31 manufacturing facilities across the UK and the US. On average, it manufactures around 1.5bn sandwiches and other food to go items, over 600m salad and lunch kits, and 140m 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, cakes and 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[1,3]

Convenience Foods UK & Ireland

	FY17 £m	FY16 £m	Change (As reported)	Change (Pro Forma basis)
Revenue	1,438.4	1,258.8	+14.3%	+11.9%
Adjusted Operating Profit	106.8	104.1	+2.6%	
Adjusted Operating Margin	7.4%	8.3%	-90bps	

Strategic Developments
Food to Go delivered another year of strong growth, with revenue up 18.8% on a Pro Forma basis. The Group has extended its long-term partnership model with its customers, enabling deeper strategic engagement on both consumer and supply chain initiatives. Several important business wins and commercial launches were delivered to plan in the period. The business also extended a number of contracts and now has multi-year sole supply agreements in place with all of its core customers. The Group's market share of sandwiches in the UK grocery channel now stands at 60%.

There were significant investments completed at the Group's London facilities (Park Royal and Bow) and at Northampton to deliver business wins and commercial launches. These investments, along with the capacity added through the acquisition of the facility near Heathrow and the integration of the Atherstone facility, provide capacity for medium term growth in a capital efficient manner.

The Group has also invested in the ready meals business during FY17 to reset its capacity and commercial positioning. In addition, there was further rationalisation of the UK portfolio with the exit from the desserts manufacturing business in Evercreech.

In November 2017 the Group announced a streamlining and strengthening of the UK organisational and cost structure. This programme involves a more compact divisional structure, overhead reduction, upgraded operational capability, and greater functional centralisation and standardisation of processes across the business. The overall programme will help underpin operating leverage progression in FY18 and beyond.

The Group has also reviewed its overall technology management structure and investment priorities. Based on the scale of additional investment required and analysis of anticipated benefits, the Group has made a considered decision to cease the planned multi-year rollout of a common Enterprise Resource Planning ('ERP') platform across the UK business. Consistent with this decision, the Group incurred a £29.7m impairment charge in FY17, reflecting investment over the last four years. The Group will now focus on more targeted and cost efficient technology investments that will deliver many of the anticipated benefits. Whilst recognising that any such impairment is unsatisfactory, the decision is consistent with the Group's focus on capital discipline.

Divisional Performance
Reported revenue in the Convenience Foods UK & Ireland division increased by 14.3% to £1,438.4m, achieved against the backdrop of a challenging UK trading environment comprising intense retail competition and significant cost inflation. Pro Forma Revenue Growth was 11.9%, primarily driven by continued strong growth in the Food to Go business. Adjusted Operating Profit rose by 2.6% to £106.8m. Operating leverage was impacted by network and commercial investments associated with significant business win activity in the period, as well as challenging trading conditions in other parts of the division outside Food to Go, that continued as the year progressed.

Food to Go
Food to Go comprises sandwich, sushi and salad activities and accounted for approximately 60% of divisional revenue in FY17. Strong growth was generated in FY17 with reported revenue growth of 24.4% and Pro Forma Revenue Growth of 18.8%. This performance was driven by underlying category growth, helping core customers to outperform, and the contribution from the substantial new business wins. The second half of the year continued to be strong, though it was impacted by a more modest summer trading period and temporary supply issues in the 'side of plate' salad part of the business.

The wider food to go market continues to expand, with strong category growth of 6.6% in the grocery channel in FY17, driven largely by volume. This continued growth is supported by favourable consumer trends including a desire for convenience, an increase in snacking occasions, and a preference for healthier products. This growth is also supported by ongoing investment by retail customers to increase the space dedicated to convenience formats. The Group is also benefitting from extending its product reach and from a broadening channel mix.

The significant commercial activity in the year has involved a large amount of operational change and development. The investments in Park Royal and Bow enabled the launch of a substantial new contract with one of Greencore's key food to go customers announced in September 2016. The investment programme completed at the Northampton facility enabled the final elements of business wins with its key customer at that facility to be launched successfully, including a new sushi range.

At the end of June 2017 the Group acquired a sandwich manufacturing facility near Heathrow. This adds another modern, well invested site to the Food to Go network and provides the scope to grow with new customers outside of the main grocery retail channel. Following substantial investment in its distribution and direct-to-store capability in recent years, this part of the business helped drive strong growth again this year. Revenue for the distribution of third party products now accounts for a high single digit share of Food to Go sales.

As anticipated, the pace of operational change across the Food to Go business began to ease in the second half of the year, with some consequent recovery in operating leverage.

Other UK & Ireland
The other parts of the Convenience Foods UK & Ireland division comprise the ready meals, chilled soups and sauces, cooking sauces, quiche, Yorkshire Pudding and cakes and desserts businesses, as well the Irish ingredients trading businesses. Revenue growth across these businesses was 2.7%, or 3.5% on a Pro Forma basis.

Substantial network and commercial investments were made in the ready meals business during the year. The ready meals network was upgraded and extended through investments at the Group's Wisbech and Warrington facilities. New contracts were signed with some key customers in the business and several product ranges were relaunched. Operational leverage was reduced in the period as a result of these initiatives.

Challenging trading conditions in the cakes and desserts businesses were characterised by business churn and high levels of inflation. In May 2017 the Group announced the prospective phasing out of manufacturing at the desserts facility in Evercreech in FY18. An exceptional charge of £16.5m relating to this exit was incurred in FY17.

Elsewhere, the Group's cooking sauce business benefitted from working with customers to maintain the ongoing growth of the own label portion of the market while good progress was made in the Group's Irish ingredients trading businesses as a result of stronger international dairy markets.

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 FY17 driven by a rise in certain commodity costs such as dairy, as well as the inflationary impact of a weaker sterling on imported ingredients. Labour inflation in the UK was approximately 4% in the year, primarily due to the effect of increased National Living Wage levels on the Group's wage structure. The Group successfully mitigated the overall effects of this inflation during FY17 by working with customers on a variety of cost and innovation programmes, and by continued internal cost efficiency initiatives.

Brexit
Although the exact nature of changes to come as a result of Brexit remains unclear, the Group continues to monitor closely the potential implications on its business, including in particular any changes to costs in the supply chain and the availability and cost of labour. However it is worth noting that Greencore's business in the UK is largely 'local' i.e. made and sold in the UK, and therefore carries limited trade risk.

Convenience Foods US

	FY17 £m	FY16 £m	Change (As reported)	Change (Pro Forma basis)
Revenue	881.3	223.1	+295.0%	+5.9%
Adjusted Operating Profit	33.3	(2.1)	n/a	
Adjusted Operating Margin	3.8%	-0.9%	+470bps	

Strategic Developments

The acquisition of Peacock Foods transformed the Group's market and channel position in the US and has provided a growth platform of real scale. The enlarged US business has a strong and diversified customer base across CPG companies, foodservice, convenience store and grocery retail channels. Long-term contracts are in place to supply many customers' primary brands and the commercial model includes the scope to co-invest with these customers for capital expenditure on new project activity. The enlarged, well invested network of 14 facilities has the potential to support the Group's ambitions to grow in value added, assembly-led, convenience food manufacturing, with both existing and new customers. The integration of the business is proceeding to plan and is focussed on reducing overheads, optimising procurement and improving network efficiencies.

As anticipated, the first business wins from the combined US pipeline began to be delivered during the period. These were with both new and existing CPG customers across the enlarged network. The broader growth opportunity available to the Group in the US market is highly attractive. Firstly, this is being driven by a trend to high care outsourced manufacturing, where customers are looking for ways to improve returns via more purpose built and effective cost structures, with partners who value quality, trust and food safety. Secondly, there is an increased focus on innovation as customers seek to develop and enhance their commercial strategies in fresh, prepared, 'perimeter of store' food offerings.

The Group is also pleased to confirm that it has recently extended its long-term, strategic partnership with one of the largest and most important US, and Group, customers.

Divisional Performance

The results of Peacock Foods have been consolidated from the end of December 2016. The new combined US business manufactures a wide range of fresh, frozen and ambient convenience food products.

The division reported FY17 revenue growth of 295.0% to £881.3m, primarily reflecting the acquisition of Peacock Foods. Pro Forma Revenue Growth for the division was 5.9%, driven by underlying category growth and the impact of new business wins. The significant deflation in raw materials costs, seen especially in Peacock Foods in H1, eased as the year progressed. A substantial portion of divisional revenue is generated on contracts where these material costs are passed through directly to the customer. Volume growth is therefore a more meaningful indicator of underlying performance. Pro Forma volumes for the division grew by approximately 7% in the period.

Divisional growth was driven by a combination of good underlying growth and net new business wins. As anticipated, the first new business wins from the combined commercial pipeline began to be delivered during the fiscal year and all have progressed well to date. There was a significant expansion of the Carol Stream (IL) facility to cater for a large contract win with a key customer in that facility, as well as an expansion in the Romeoville (IL) facility to deliver business wins with new CPG customers. The business also had smaller business wins with CPG and other customers at its Minneapolis (MN), Seattle (WA) and Woodridge (IL) facilities. This growth was offset by some product churn within the ambient co-packing part of the business and the exit from frozen product production in the Group's Jacksonville (FL) facility towards the end of the financial year.

The performance was also supported by good category growth across all the areas in which the Group operates, including lunch kits (+5% volume), frozen breakfast sandwiches (+2% volume), fresh sandwiches (+9% volume) and salad kits (+13% volume).

Adjusted Operating Profit increased by £35.4m to £33.3m driven by the acquisition of Peacock Foods. Underlying profit delivery with core CPG customers was in line with expectations, driven by underlying category growth and the business wins as outlined above. As anticipated, the operational impact of project delivery and new launch activity eased as the year progressed. Additional operational costs were incurred later in the year in the salad kits business (formerly known as L&L) due to a combination of new business win activity and operational integration. Capacity utilisation improved in some of the Group's original sites, however underlying financial performance only modestly improved, and less than had been anticipated, in that part of the business. Labour inflation in the US was approximately 5% and was mitigated by various cost efficiency initiatives and pricing with customers.

US Integration

The integration of the business has progressed well and the delivered cost synergies were slightly above expectations in FY17. The consolidation of central offices was completed in the second half of the year. Given the strength of commercial project activity, the Group has decided not to rationalise its manufacturing network which reduces planned integration spend and has a modest impact on the phasing of targeted annualised cost synergies of $15m. The costs of integration in FY17 were £9.3m with now only an additional modest amount expected in FY18.

Group Cash Flow and Returns

	FY17 £m	FY16 £m	Change
Operating Cash Flow	117.8	113.9	+£3.9m
Net Debt	(519.2)	(331.8)	-£187.4m
Net Debt:EBITDA as per financing agreements	2.4x	2.4x	-
ROIC %	12.2%	13.8%	-160bps

Strategic Developments

The focus has been on reducing the trajectory of capital spend throughout the year. A number of initiatives were executed in this regard, including the exit from the chilled desserts facility in Evercreech, the decision not to proceed with the remainder of the planned rollout of an ERP system across the UK business and the acquisition of a facility near Heathrow to provide capacity in Food to Go in a capital efficient manner. In addition, the Group continues to execute investment projects in the US on a co-investment model with customers, including several in FY17.

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 £117.8m in FY17, an increase of £3.9m driven by increased Adjusted EBITDA, offset by increases in working capital, Maintenance Capital Expenditure and exceptional cash outflows.

Maintenance Capital Expenditure was £39.7m in the period, an increase of £7.8m reflecting both the addition of Peacock Foods and the significant expansion of manufacturing footprint in the UK. Strategic Capital Expenditure in the period was £83.6m (FY16: £71.2m), driven primarily by the significant commercial investment activity in both the UK and the US. Cash tax continued to be very low. Overall, Net Debt increased to £519.2m in FY17, largely reflecting the acquisition of Peacock Foods.

Return On Invested Capital ('ROIC') was 12.2% in FY17, a reduction of 160bps due to the impact of an increased tax rate, investment activity and the acquisition of Peacock Foods. The full year dilutive effect of the addition of Peacock Foods on ROIC will be seen in FY18.

Capital Management

The Group strengthened its capital structure in FY17. In December 2016, the Group raised £427.0m by way of a rights issue. The net proceeds of the rights issue combined with a new five year $249m bank facility, were used to finance the acquisition of Peacock Foods. The Group also extended the maturity of its primary committed bank facility of £300m to March 2022, and extended the maturity of a £50m bilateral bank facility to March 2020. The Group remains well financed with committed facilities of £720m at the end of the fiscal year and a weighted average maturity of 4.4 years.

The Group's Net Debt:EBITDA leverage as measured under financing agreements was 2.4x at the end of the financial year, above the benchmark level of approximately 2x that the Group believes is appropriate for the business to operate on a longer term basis.

FINANCIAL REVIEW[1,2]

Revenue and Operating Profit

The Group completed the acquisition of Peacock Foods on 30 December 2016 and the results of Peacock Foods have been included in the Group results for the nine-month period to 29 September 2017.

Reported revenue in the year was £2,319.7m, an increase of 56.5% versus FY16. Adjusted Operating Profit of £140.1m was 37.4% higher than in FY16, primarily driven by the acquisition of Peacock Foods. Adjusted Operating Margin was 6.0%, 90bps below the prior year, primarily due to the impact of the acquisition of Peacock Foods and significant commercial investments in the UK.

The average exchange rates for the period were £1 = $1.2730 and €1.1487 (FY16: £1 = $1.4172 and €1.2739). 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 £19.2m on acquisition related intangible assets, up from £9.2m in the prior year. The increase reflects the additional amortisation charge relating to intangible assets, primarily customer relationships, recognised on the acquisition of Peacock Foods in the period.

Finance charge

The Group's bank interest payable in FY17 was £24.0m, an increase of £6.9m. The increase was driven by higher average Net Debt primarily as a result of the Peacock Foods acquisition. £1.8m of interest on major projects was capitalised during the period (FY16: £1.3m).

The Group's non-cash finance charge in FY17 was £7.0m (FY16: £10.8m). The change in the fair value of derivatives and related debt adjustments was a non-cash charge of £2.8m (FY16: £6.5m) reflecting the foreign exchange movement on balances where hedge accounting is not applied. The non-cash pension financing charge of £3.9m was £0.5m lower than the FY16 charge of £4.4m. The Group recorded a £0.3m charge in respect of the movement in the present value of assets and liabilities compared to a £0.1m credit in FY16.

Taxation

The Group's effective tax rate in FY17 (including the tax impact associated with pension finance items) was 8% (FY16: 2%). 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 FY17 was 12% compared with 6% in FY16. 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% (FY16: 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 £78.2m in the period. Cash outflows associated with this charge are £38.6m, some £28.7m of which were incurred during FY17 with the remainder to be incurred in FY18. The overall charge is comprised as follows:

- a charge of £29.7m relating to the impairment of software assets, associated with the decision not to proceed with the planned rollout of a common ERP platform across the UK business;
- a charge of £16.5m relating to business exit costs associated with the prospective exit from desserts manufacturing at the Group's Evercreech facility;
- a charge of £15.6m for transaction costs relating to acquisitions during the current financial year, of which £15.2m relates to the acquisition of Peacock Foods in December 2016 and £0.4m relates to the acquisition of a sandwich manufacturing facility near Heathrow in the UK in June 2017;
- an £11.2m integration and reorganisation charge, of which £9.3m relates to the acquisition of Peacock Foods, £0.4m relating to the completion of the integration of The Sandwich Factory, and £1.5m relates to costs associated with streamlining the management structure within Convenience Foods UK & Ireland;
- a £4.1m charge in relation to pre-commissioning and start-up costs related to significant plant development and related on-boarding of new business at its facilities in Northampton and Warrington in the UK and Carol Stream (IL) in the US;
- a £1.1m charge relating to a legal settlement incurred during the period.

Earnings per share

Adjusted Earnings of £100.5m in the period were 26.1% ahead of the prior year. Adjusted Earnings Per Share of 15.4 pence was 3.8% behind FY16 which reflects the impact of an increased number of shares in issue as a result of the rights issue. Basic earnings per share was 1.9 pence (FY16: 9.5 pence). The weighted average number of shares in issue in FY17 was 652.5m (FY16: 497.6m). The weighted average number of shares in issue in FY16 has been restated for the impact of the bonus issue incorporated in the rights issue and accordingly earnings per share measures have been restated.

Operating Cash Flow and Net Debt

Operating Cash Flow was £117.8m in FY17, an increase of £3.9m driven by increased Adjusted EBITDA, offset by increases in working capital, Maintenance Capital Expenditure and exceptional cash outflows. Adjusted EBITDA grew by 37.1% to £189.7m driven primarily by the acquisition of Peacock Foods. A working capital outflow of £3.0m was incurred. Capital expenditure of £123.3m was incurred in the period (FY16: £103.1m), driven by the significant commercial investment programme. The total cash outflow during the year in respect of exceptional charges was £33.7m (2016: £9.9m), of which £5.0m was in respect of prior year exceptional charges.

The Group's Net Debt at 29 September 2017 was £519.2m, an increase of £187.4m from 30 September 2016 reflecting the impact of the new facility to part fund the Peacock Foods acquisition.

Financing

In December 2016, the Group raised £427.0m, net of associated fees, by way of a rights issue, by issuing 9 new shares for every 13 shares held. The net proceeds of the rights issue combined with a new five year $249m bank facility, were used to finance the acquisition of Peacock Foods as well as to pay transaction fees and expenses. Further details of this acquisition are set out in Note 7 of this report.

In addition to the new debt financing for the Peacock acquisition, the Group also extended the maturity of its primary committed bank facility of £300m for a further year to March 2022, and extended the maturity of a £50m bilateral bank facility for a further 18 months to March 2020. The Group remains well financed with committed facilities of £720m at the end of September 2017 and a weighted average maturity of 4.4 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 29 September 2017 was £124.8m, £37.5m lower than the position at 30 September 2016. The net pension deficit after related deferred tax was £103.1m, a decrease of £31.6m from 30 September 2016. The decrease in net pension deficit was driven principally by an increase in discount rates applied to the 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.

Dividends

The Board of Directors is recommending a final dividend of 3.37 pence per share. This will result in a total dividend for the year of 5.47 pence per share (FY16: 5.47 pence per share). The total dividend represents a pay-out amount of approximately 38% of Adjusted Earnings, in line with the policy to maintain an annual dividend pay-out equivalent to 30-40% of Adjusted Earnings.

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 risks and uncertainties are described on pages 24 to 29 of the Annual Report and Accounts for the year ended 29 September 2017 issued on 28 November 2017.

P.G. Kennedy, Chairman
27 November 2017

greencore

GROUP INCOME STATEMENT
Year ended 29 September 2017

	Notes	2017 Pre – exceptional £m	2017 Exceptional Note 3 £m	2017 Total £m	2016 Pre – exceptional £m	2016 Exceptional Note 3 £m	2016 Total £m
Revenue	2	**2,319.7**	**-**	**2,319.7**	1,481.9	-	1,481.9
Cost of sales		**(1,694.3)**	**-**	**(1,694.3)**	(1,009.5)	-	(1,009.5)
Gross profit		**625.4**	**-**	**625.4**	472.4	-	472.4
Operating costs, net		**(485.3)**	**(78.2)**	**(563.5)**	(370.4)	(17.4)	(387.8)
Group operating profit before acquisition related amortisation	2	**140.1**	**(78.2)**	**61.9**	102.0	(17.4)	84.6
Amortisation of acquisition related intangibles		**(19.2)**	**-**	**(19.2)**	(9.2)	-	(9.2)
Group operating profit	2	**120.9**	**(78.2)**	**42.7**	92.8	(17.4)	75.4
Finance income	6	**-**	**-**	**-**	0.1	-	0.1
Finance costs	6	**(31.0)**	**-**	**(31.0)**	(28.0)	-	(28.0)
Share of profit of associates after tax		**0.7**	**-**	**0.7**	0.7	-	0.7
Profit before taxation		**90.6**	**(78.2)**	**12.4**	65.6	(17.4)	48.2
Taxation		**(7.4)**	**8.9**	**1.5**	(1.2)	1.5	0.3
Profit for the financial year		**83.2**	**(69.3)**	**13.9**	64.4	(15.9)	48.5
Attributable to:							
Equity shareholders		**81.5**	**(69.3)**	**12.2**	63.3	(15.9)	47.4
Non-controlling interests		**1.7**	**-**	**1.7**	1.1	-	1.1
		83.2	**(69.3)**	**13.9**	64.4	(15.9)	48.5
Earnings per share (pence)							
Basic earnings per share	4			**1.9**			9.5
Diluted basic earnings per share	4			**1.9**			9.4

GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE
Year ended 29 September 2017

	2017 £m	2016 £m
Items of income and expense taken directly to equity		
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss) on Group legacy defined benefit pension schemes	**30.1**	(59.8)
Deferred tax on Group legacy defined benefit pension schemes	**(5.1)**	4.7
	25.0	(55.1)
Items that may subsequently be reclassified to profit or loss		
Currency translation adjustment	**(45.2)**	28.1
Tax on currency translation adjustment	**0.1**	(0.3)
Hedge of net investment in foreign currency subsidiaries	**25.8**	(25.7)
Cash flow hedges:		
fair value movement taken to equity	**1.9**	2.3
transfer to Income Statement for the year	**1.5**	(6.0)
Deferred tax on cash flow hedge	**(0.1)**	(0.1)
	(16.0)	(1.7)
Net income/(expense) recognised directly within equity	**9.0**	(56.8)
Group Profit for the financial year	**13.9**	48.5
Total recognised income and expense for the financial year	**22.9**	(8.3)
Attributable to:		
Equity shareholders	**21.1**	(10.1)
Non-controlling interests	**1.8**	1.8
Total recognised income and expense for the financial year	**22.9**	(8.3)

GROUP BALANCE SHEET
at 29 September 2017

	Notes	2017 £m	2016 £m
ASSETS			
Non-current assets			
Goodwill and intangible assets		**1,077.6**	552.4
Property, plant and equipment		**485.7**	367.4
Investment property		**6.3**	6.2
Investment in associates		**1.2**	1.0
Other receivables		**-**	2.5
Retirement benefit assets	8	**17.3**	16.7
Derivative financial instruments		**-**	0.2
Deferred tax assets		**93.5**	60.1
Total non-current assets		**1,681.6**	1,006.5
Current assets			
Inventories		**81.9**	65.7
Trade and other receivables		**254.8**	157.6
Derivative financial instruments		**0.3**	0.6
Cash and cash equivalents	6	**19.8**	25.5
Total current assets		**356.8**	249.4
Total assets		**2,038.4**	1,255.9
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**7.1**	4.1
Share premium		**647.8**	198.9
Reserves		**50.7**	78.2
		705.6	281.2
Non-controlling interests		**5.2**	4.4
Total equity		**710.8**	285.6
LIABILITIES			
Non-current liabilities			
Borrowings	6	**539.0**	357.3
Derivative financial instruments		**14.3**	23.0
Retirement benefit obligations	8	**142.1**	179.0
Other payables		**11.9**	1.7
Provisions for liabilities		**29.8**	3.7
Deferred tax liabilities		**111.5**	9.3
Total non-current liabilities		**848.6**	574.0
Current liabilities			
Derivative financial instruments		**-**	0.3
Trade and other payables		**460.3**	376.2
Provisions for liabilities		**8.4**	6.3
Current tax payable		**10.3**	13.5
Total current liabilities		**479.0**	396.3
Total liabilities		**1,327.6**	970.3
Total equity and liabilities		**2,038.4**	1,255.9

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GROUP CASH FLOW STATEMENT
year ended 29 September 2017

	2017 £m	2016 £m
Profit before taxation	**12.4**	48.2
Finance income	**-**	(0.1)
Finance costs	**31.0**	28.0
Share of profit of associates (after tax)	**(0.7)**	(0.7)
Exceptional items	**78.2**	17.4
Operating profit (pre-exceptional)	**120.9**	92.8
Depreciation	**45.1**	32.7
Amortisation of intangible assets	**23.7**	12.9
Employee share based payment expense	**3.5**	3.2
Contributions to legacy defined benefit pension schemes	**(11.1)**	(14.0)
Working capital movement	**(3.0)**	13.2
Other movements	**0.5**	0.2
Net cash inflow from operating activities before exceptional items	**179.6**	141.0
Cash outflow related to exceptional items	**(33.7)**	(9.9)
Interest paid	**(27.2)**	(15.5)
Tax paid	**(0.5)**	(0.3)
Net cash inflow from operating activities	**118.2**	115.3
Cash flow from investing activities		
Dividends received from associates	**0.5**	0.7
Contract acquisition costs	**-**	(2.4)
Purchase of property, plant and equipment	**(105.4)**	(87.7)
Disposal of investment property	**-**	1.1
Purchase of intangible assets	**(17.9)**	(15.4)
Acquisition of undertakings, net of cash acquired	**(606.2)**	(16.6)
Disposal of undertakings	**2.9**	0.9
Net cash outflow from investing activities	**(726.1)**	(119.4)
Cash flow from financing activities		
Proceeds from the issue of shares	**427.7**	1.1
Ordinary shares purchased – own shares	**(7.2)**	(13.8)
Drawdown of bank borrowings	**199.7**	47.0
Drawdown of private placement notes	**-**	76.2
Repayment of private placement notes	**-**	(67.7)
Decrease in finance lease liabilities	**(0.1)**	(0.1)
Dividends paid to equity holders of the Company	**(16.5)**	(19.1)
Dividends paid to non-controlling interests	**(1.0)**	(0.9)
Net cash inflow from financing activities	**602.6**	22.7
Net (decrease)/increase in cash and cash equivalents	**(5.3)**	18.6
Reconciliation of opening to closing cash and cash equivalents		
Cash and cash equivalents at beginning of year	**25.5**	6.3
Translation adjustment	**(0.4)**	0.6
(Decrease)/increase in cash and cash equivalents	**(5.3)**	18.6
Net cash and cash equivalents at end of year	**19.8**	25.5

NOTES TO THE RESULTS STATEMENT
year ended 29 September 2017

1. Basis of Preparation of Financial Information under IFRS

The financial information included within this full year results statement has been extracted from the audited Consolidated Financial Statements of Greencore Group plc for the year ended 29 September 2017, to which an unqualified audit opinion is attached. Full details of the basis of preparation of the Group Financial Statements for the year ended 29 September 2017 are included in Note 1 of the 2017 Annual Report.

After making enquiries, the Directors have a reasonable expectation 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 financial statements.

The financial information presented in this full year results statement has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee interpretations adopted by the European Union (EU).

The financial information, which is presented in sterling and expressed in millions(m), unless otherwise stated, has been prepared under the historical cost convention, as modified by the measurement at fair value of certain financial assets and financial liabilities, including share options at grant date and derivative financial instruments. The carrying values of recognised assets and liabilities that are hedged are adjusted to record the changes in the fair values attributable to the risks being hedged. The accounting policies applied are consistent with those applied in the Group Financial Statements for the year ended 29 September 2017. Full details of the Group's accounting policies are included in the 2017 Annual Report.

The adoption of new standards and interpretations (as set out in the 2017 Annual Report) that became effective for the Group's Financial Statements for the year ended 29 September 2017 did not have any significant impact on the Group full year results statement.

The full year results statement of the Group is prepared for the 52 week period ending on 29 September 2017. Comparatives are for the 53 week period ended 30 September 2016. The balance sheets for 2017 and 2016 have been drawn up as at 29 September 2017 and 30 September 2016 respectively.

2. Segment Information

Following the significant acquisition of Peacock Foods which completed on 30 December 2016, the Group has reviewed its reporting structure to ensure that it continues to reflect the Group's organisational structure and the nature of the financial information reported to and assessed by the Chief Operation Decision Maker (as defined by IFRS 8 *Operating Segments).* As a result, the Group has revised its operating segments and comparative segment amounts for 2016 have been restated where necessary to reflect the new format for segmentation.

The Group now reports across the following operating segments:

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

Convenience Foods US: comprising the total combined 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.

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 amortisation of acquisition related intangible assets. Exceptional items, 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 reconciled to the segmental information below. Inter-segment revenue is not material.

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2. Segment Information (continued)

	Convenience Foods UK & Ireland		Convenience Food US		Total	
	2017 £m	2016 (As restated)* £m	**2017 £m**	2016 (As restated)* £m	**2017 £m**	2016 £m
Revenue	**1,438.4**	1,258.8	**881.3**	223.1	**2,319.7**	1,481.9
Group operating profit before exceptional items and acquisition related amortisation	**106.8**	104.1	**33.3**	(2.1)	**140.1**	102.0
Amortisation of acquisition related intangible assets	**(4.2)**	(4.2)	**(15.0)**	(5.0)	**(19.2)**	(9.2)
Exceptional items	**(53.2)**	(13.6)	**(25.0)**	(3.8)	**(78.2)**	(17.4)
Group operating profit	**49.4**	86.3	**(6.7)**	(10.9)	**42.7**	75.4
Finance income					**-**	0.1
Finance costs					**(31.0)**	(28.0)
Share of profit of associates after tax					**0.7**	0.7
Profit before taxation					**12.4**	48.2

*Restated to reflect the realignment of operating segments

3. Exceptional Items

Exceptional items are those which, in management's judgement, should be disclosed separately by virtue of their nature or amount. Such items are included within the Group Income Statement caption to which they relate and are separately disclosed below.

		2017 £m	2016 £m
Impairment of intangible assets	(a)	**(29.7)**	-
Business exit costs	(b)	**(16.5)**	-
Transaction costs	(c)	**(15.6)**	(4.1)
Integration and reorganisation costs	(d)	**(11.2)**	(6.6)
Pre-commissioning and start-up costs	(e)	**(4.1)**	(2.7)
Legal settlement	(f)	**(1.1)**	-
Remediation costs	(g)	**-**	(4.0)
		(78.2)	(17.4)
Tax on exceptional items	(h)	**8.9**	1.5
Total exceptional expense		**(69.3)**	(15.9)

(a) Impairment of Intangible Assets
In the period, the Group recognised a charge of £29.7m relating to the impairment of software assets, associated with the decision not to proceed with the planned rollout of a common ERP platform across the UK business.

(b) Business Exit Costs
In the period, the Group recognised a charge of £16.5m relating to business exit costs associated with the prospective exit from desserts manufacturing at the Group's Evercreech facility.

(c) Transaction Costs
In the period, the Group recognised a charge of £15.6m comprising transaction costs relating to acquisitions during the current financial year, of which £15.2m relates to the acquisition of Peacock Foods on 30 December 2016 and £0.4m relates to the acquisition of a sandwich manufacturing facility near Heathrow on 26 June 2017.

The Group recognised a £4.1m charge in the 2016 financial year in relation to transaction costs associated with the acquisition of The Sandwich Factory Holdings Limited in the UK and the acquisition of Peacock Foods in the US.

3. Exceptional Items (continued)

(d) Integration and reorganisation costs
In the period, the Group recognised a charge of £11.2m in relation to integration and reorganisation charge, of which £9.3m relates to the acquisition of Peacock Foods, £0.4m relates to completion of the integration of The Sandwich Factory Holdings Limited in the UK and £1.5m relates to costs associated with streamlining the management structure within Convenience Foods UK and Ireland.

In the prior year the Group recognised a £6.6m charge for the reorganisation costs in the UK business in the year.

(e) Pre-commissioning and Start-up costs
In the period, the Group recognised a £4.1m charge in relation to pre-commissioning and start-up costs relating to significant plant development and related onboarding of new business at its facilities in Northampton and Warrington in the UK and Carol Stream in the US.

In the prior year, the Group recognised a £2.7m charge in relation to the pre-commissioning and start-up costs.

(f) Legal settlement
In the period, the Group incurred a charge of £1.1m in respect of a legal settlement and related costs in connection with a tragic incident which occurred at one of its UK facilities in 2013.

(g) Remediation costs
In the prior year, the Group recognised a £4.0m charge in relation to remediation costs associated with its former sugar processing sites.

(h) Tax
In the period, the Group recognised a tax credit of £8.9m in respect of exceptional charges.

Cash Flow on Exceptional Items
The total cash outflow during the year in respect of exceptional charges was £33.7m (2016: £9.9m), of which £5.0m (2016: £1.7m) was in respect of prior year exceptional charges.

4. 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 Scheme, 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).

	2017 £m	2016 £m
Profit attributable to equity holders of the Company (numerator for basic earnings per share calculation)	**12.2**	47.4
Exceptional items (net of tax)	**69.3**	15.9
Movement on fair value of derivative financial instruments and related debt adjustments	**(0.2)**	(0.6)
FX on inter-company and external balances where hedge accounting is not applied	**3.0**	7.1
Amortisation of acquisition related intangible assets (net of tax)	**13.1**	6.5
Pension financing (net of tax)	**3.1**	3.4
Numerator for adjusted earnings per share calculation	**100.5**	79.7

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4. Earnings per Ordinary Share (continued)

Denominator for earnings per share and adjusted earnings per share calculation

	2017 '000	2016* '000
Shares in issue at the beginning of the year	**413,468**	410,300
Effect of shares held by Employee Benefit Trust	**(3,283)**	(2,659)
Effect of shares issued during the year	**220,704**	1,615
Effect of bonus issue relating to the rights Issue	**21,592**	88,389
Weighted average number of ordinary shares in issue during the year	**652,481**	497,645

	2017 Pence	2016* Pence
Basic earnings per Ordinary Share	**1.9**	9.5
Adjusted basic earnings per Ordinary Share	**15.4**	16.0

*Restated to include the effect of the bonus issue of shares incorporated in the rights issue in December 2016

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 Performance Share Plan awards, 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 6,619,322 (2016: 6,042,288) unvested shares were excluded from the diluted earnings per share calculation as they were either antidilutive or contingently issuable Ordinary Shares which had not satisfied the performance conditions attaching at the end of the 2017 financial year.

Denominator for diluted earnings per share and adjusted diluted earnings per share

A reconciliation of the weighted average number of Ordinary Shares used for the purpose of calculating the diluted earnings per share amounts is as follows:

	2017 '000	2016* '000
Weighted average number of Ordinary shares in issue during the year	**652,481**	497,645
Dilutive effect of share options	**2,257**	6,478
Weighted average number of Ordinary shares for diluted earnings per share	**654,738**	504,123

	2017 Pence	2016* Pence
Diluted basic earnings per Ordinary share	**1.9**	9.4
Adjusted diluted basic earnings per Ordinary share	**15.3**	15.8

*Restated to include the effect of the bonus issue of shares incorporated in the rights issue in December 2016

5. Dividends paid and proposed

	2017 £m	2016* £m
Amounts recognised as distributions to equity holders during the year:		
Equity dividends on Ordinary Shares:		
Final dividend of 3.37 pence for the year ended 30 September 2016 (2015: 3.08 pence)	**17.0**	15.4
Interim dividend of 2.10 pence for the year ended 29 September 2017 (2016: 2.10 pence)	**14.8**	10.5
	31.8	25.9
Proposed for approval at AGM:		
Equity dividends on Ordinary Shares:		
Final dividend of 3.37 pence for the year ended 29 September 2017 (2016: 3.37 pence)	**23.8**	17.0

* For comparative purposes the historic dividend per share has been restated to reflect the bonus element of the rights issue.

5. Dividends paid and proposed (continued)

During the year 4,250,498 (2016: 1,883,280) shares were issued in respect of the Scrip Dividend Scheme.

This proposed dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in the Balance Sheet of the Group as at 29 September 2017, in accordance with IAS 10 *Events After the Reporting Period*.

The proposed final dividend for the year ended 29 September 2017 will be payable on 5 April 2018 to shareholders on the Register of Members at 8 December 2017.

6. Components of Net Debt and Financing

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

Net Debt

	2017 £m	2016 £m
Cash and cash equivalents (net of bank overdraft)	**19.8**	25.5
Bank borrowings	**(353.7)**	(170.6)
Non-bank borrowings	**(61.6)**	(60.5)
Private placement notes	**(121.9)**	(125.2)
Finance leases	**(1.8)**	(1.0)
Group Net Debt	**(519.2)**	(331.8)

Net Finance Costs	**2017 £m**	2016 £m
Net finance costs on interest bearing cash and cash equivalents, borrowings and other financing costs	**(23.8)**	(16.9)
Pension financing	**(3.9)**	(4.4)
Interest on obligations under finance leases	**(0.2)**	(0.2)
Fair value of derivative financial instruments and related debt adjustments	**0.2**	0.6
FX on inter-company and external balances where hedge accounting is not applied	**(3.0)**	(7.1)
Unwind of present value discount on non-current payables and receivables	**(0.3)**	0.1
	(31.0)	(27.9)
Analysed as:		
Finance income	**-**	0.1
Finance costs	**(31.0)**	(28.0)
	(31.0)	(27.9)

During the period the Group put in place a new $249m bank facility to part fund the acquisition of Peacock Foods, which completed on 30 December 2016. In March 2017 the maturity of the primary bank facility of £300m was extended by 1 year to March 2022. In addition, the Group also extended the maturity of a £50m bilateral facility bank for a further 18 months to March 2020.

7. Acquisitions

Peacock Foods

On 30 December 2016, the Group acquired 100% of CB-Peacock Holdings Inc. ('Peacock Foods'), a US based convenience food manufacturer. Peacock Foods is headquartered in Geneva, Illinois and operates seven manufacturing facilities across the US which offer two million square feet of manufacturing capacity and employs approximately 1,150 staff at these facilities. The acquisition transformed the Group's US business and provides further opportunities for growth by significantly increasing the Group's scale, exposure to leading brands in fast growing categories, extending its presence in new channels and with new customers, building its manufacturing footprint, widening its geographical reach, enhancing its management talent and growing its potential for future profitability.

7. Acquisitions (continued)

The provisional fair value of the assets acquired, determined in accordance with IFRS, were as follows:

	2017 £m
Assets	
Intangibles	261.5
Property, plant and equipment	81.3
Deferred tax assets	37.3
Inventory	25.0
Trade and other receivables	45.2
Total assets	450.3
Liabilities	
Provisions	(29.2)
Deferred tax liabilities	(105.8)
Trade and other payables	(56.4)
Total liabilities	(191.4)
Net assets acquired	258.9
Goodwill	342.4
Total enterprise value	601.3
Satisfied by:	
Cash consideration	607.0
Cash and cash equivalents acquired	(6.8)
Working capital consideration	1.1
Net cash outflow	601.3

The principal factors contributing to the recognition of goodwill on the acquisition of Peacock Foods is the expected realisation of future growth potential with new and existing customers in fast growing categories, the synergies that will be achieved by the enlarged group, expansion in the US market and a highly skilled management team. The goodwill is not deductible for tax purposes.

As part of the acquisition, the Group acquired trade receivables with a fair value of £42.7m. Management estimate that acquired receivables will be collected in full.

The post-acquisition impact of the Peacock Foods acquisition on the Group was to increase revenue by £617.2m and Group net profit by £5.4m. If the acquisition had occurred at the beginning of the Group's financial year, revenue would have been £207.3m higher and the Group profit for the year would have been £2.1m higher.

Heathrow

On 26 June 2017, the Group entered into an asset purchase agreement with Tasties of Chester Limited. The Group purchased the business, including the related assets ('Heathrow') which manufactures and sells breaded and 'food to go' products of the seller for a total consideration of £4.9m. The acquisition provides the Group's Convenience Food division with additional manufacturing capacity to meet the expanding demand within the sector.

8. 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.

8. Retirement Benefit Schemes (continued)

The principal actuarial assumptions are as follows:

	2017		2016	
	UK	Ireland	UK	Ireland
Rate of increase in pension payments*	3.05%	0%	2.95%	0%
Discount rate	2.75%	1.65%	2.35%	1.10%
Inflation rate	3.10%	1.45%	3.00%	1.20%

* 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:

	UK Schemes £m	Irish Schemes £m	2017 Total £m	2016 Total £m
Total market value of scheme assets	214.3	264.3	478.6	497.8
Present value of scheme liabilities	(352.4)	(251.0)	(603.4)	(660.1)
Surplus/(deficit) in schemes	(138.1)	13.3	(124.8)	(162.3)
Deferred tax asset	23.4	(1.7)	21.7	27.6
Net asset/(liability) at end of the period	(114.7)	11.6	(103.1)	(134.7)
Presented as:				
Retirement benefit asset**			17.3	16.7
Retirement benefit obligation			(142.1)	(179.0)
Deficit in schemes			(124.8)	(162.3)

** 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.

9. Information

The annual report and accounts will be published on the Group's website on 28 November 2017

By order of the Board, Conor O'Leary, Company Secretary on 27 November 2017
Greencore Group plc, 2 Northwood Avenue, Santry, Dublin 9, Ireland.

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Appendix

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 Sales Growth, Adjusted EBITDA, Adjusted Operating Profit, Adjusted Operating Margin, Adjusted Profit before Tax ('PBT'), Adjusted Earnings, Adjusted Earnings per Share, Maintenance and Strategic Capital Expenditure, Operating Cash Flow, Net Debt and Return on Invested Capital ('ROIC').

PRO FORMA SALES GROWTH

The Group uses Pro Forma Sales Growth as a supplemental measure of performance. The Group believes that Pro Forma Sales Growth provides a more accurate guide to underlying revenue performance. Pro Forma Sales Growth for FY17 adjusts reported revenue to reflect ownership of both Peacock Foods and The Sandwich Factory for the full period of both FY17 and FY16 and excludes the impact of the Heathrow acquisition. These figures are also presented on a constant currency basis and exclude the impact of the 53rd week in FY16.

	2017 Convenience Foods UK & IRL	2017 Convenience Foods US	2017 Total
Pro Forma Sales Growth (%)	**11.9**	**5.9**	**9.4**

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 is entitled to pass on the price of 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 7% in the year.

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.

	2017 £m	2016 £m
Adjusted Operating Profit	**140.1**	102.0
Depreciation and amortisation*	**49.6**	36.4
Adjusted EBITDA	**189.7**	138.4
Adjusted Operating Margin (%)	**6.0**	6.9

*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 the foreign exchange (FX) on inter-company and external balances where hedge accounting is not applied, the movement in the fair value of all the 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 year, excluding Ordinary Shares purchased by Greencore and held in trust in respect of the Annual Bonus Plan, the Performance Share Plan and the Executive Option Scheme.

	2017	2016
Adjusted Earnings (£m)	**100.5**	79.7
Adjusted Basic Earnings Per Share (pence)	**15.4**	16.0

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

	2017 **£m**	2016 £m
Adjusted Profit Before Tax	**116.7**	85.9

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 that £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.
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:

	2017 **£m**	2016 £m
Strategic Capital Expenditure	**83.6**	71.2
Maintenance Capital Expenditure	**39.7**	31.9
Net cash outflow from capital expenditure	**123.3**	103.1

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, disposal of undertakings, contract acquisition costs and disposal of investment property.

	2017 **£m**	2016 £m
Operating Cash Flow	**117.8**	113.9

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.

	2017 **£m**	2016 £m
Net Debt	**(519.2)**	(331.8)

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 tangible 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 Income Statement. Invested capital is calculated as net assets (total assets less total liabilities) plus Net Debt and the balance sheet 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 opening and closing balance sheet and dividing two.

	2017	2016
ROIC (%)	**12.2**	13.8