# Annual General Meeting

29 January 2019

# FY18 FINANCIAL PERFORMANCE*

- Results in line with guidance: Adjusted EPS of 15.1p
- Pro forma revenue growth of 8.7% in continuing business
- Enhanced free cash flow generation
- Strong returns profile

* The Group uses Alternative Performance Measures ('APMs') which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole. These APMs along with their definitions are provided in the Appendix

# HIGH RELEVANCE TO CONSUMER AND RETAILER NEEDS

**Proliferation of meal and snacking occasions**

**Consumers seeking convenience**

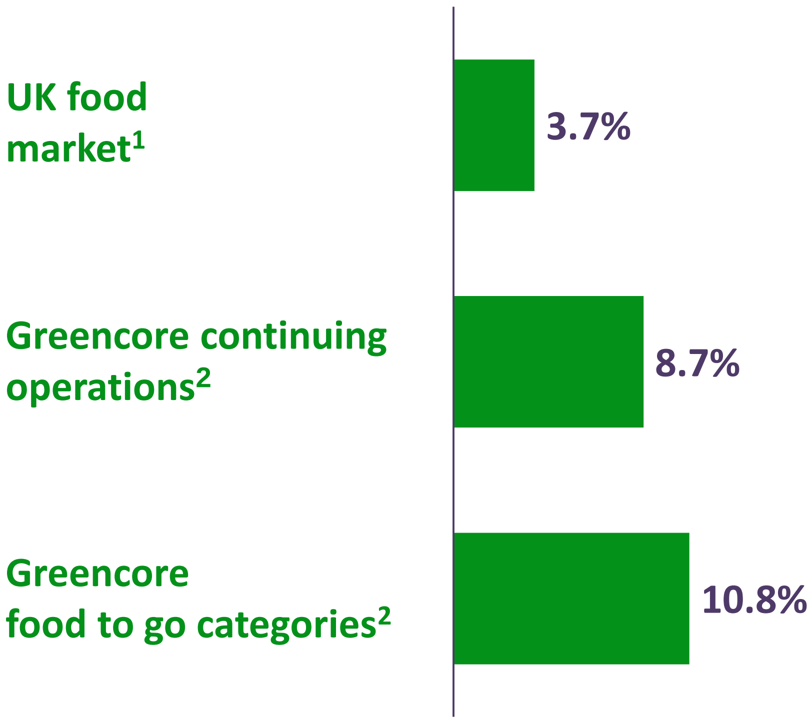
**Fresher, healthier, 'local' product**

**Food to go driving retailer growth and returns**

# STRUCTURAL GROWTH IN UK MARKET

## Greencore portfolio growth well ahead of UK food market

FY18, value growth (%)




## Revenue progress

- Good growth in food to go category
- Additional wins in café and convenience formats
- Expansion of distribution offer

## Portfolio refinement

- Exit from cakes & desserts
- Optimisation of ready meals portfolio

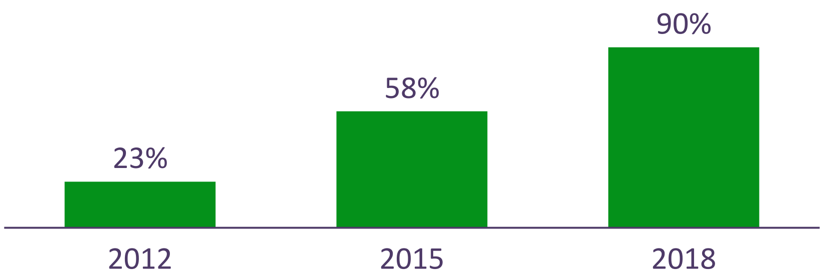
## Margin broadly maintained

1 Nielsen data for the 52 weeks to 6 October 2018
2 Pro forma

# EXTENSION OF OUR KEY CUSTOMER RELATIONSHIPS

## Long-term, sole-supply partnerships

% of Greencore UK net sandwich sales in 3-yr+ contracts




## Doing more for our customers

- Capacity investments
- Collaboration on sourcing
- End-to-end cost reduction
- Category management

## FY18 highlights

- Extended contracts with 3 of our 5 largest customers in H1
- Moved from c.2 years to c.4.4 years average sandwich deal length
- Added several new food to go customers in new channels

# WELL-POSITIONED FOR FY19…

- Drive growth in food to go categories
- Improve ready meal performance
- Extend operational efficiency programme across the business
- Review and reduce central costs
- Navigate Brexit challenges

# ...AND THE LONGER TERM

## Context

- Attractive convenience food market of c.67m consumers
- Proliferation of channels and buying behaviours
- Consolidation among retailers and suppliers

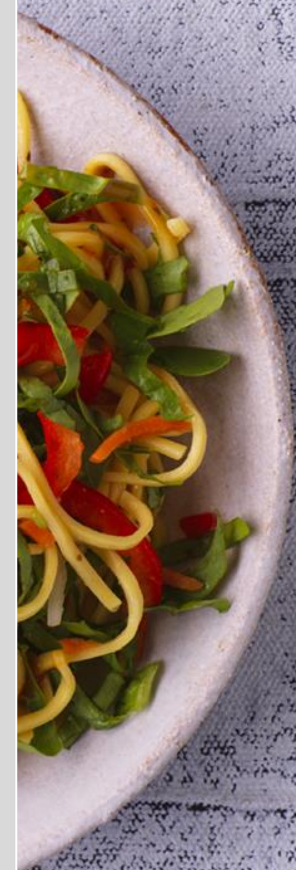
## Opportunities

- Sustain demand for fresh, local convenient food
- Broaden reach of food to go as customers extend their reach
- Leverage capabilities into adjacent categories
- Selectively participate in market consolidation

**Strategic focus, ambition and people in place to deliver our vision: to be a fast-growing leader in UK convenience food**

# Q1 TRADING UPDATE

- Encouraging start to FY19
- Revenue from continuing operations of £363.5m (a 5.8% pro forma increase)
  - 6.4% pro forma increase in food to go categories
  - 4.7% pro forma increase in rest of continuing operations
- Refinancing of primary debt agreements completed in January 2019
- Outlook reaffirmed



the greencore way

# DISCLAIMER – FORWARD LOOKING STATEMENTS

Certain statements made in this document are forward-looking. These represent expectations for the Group's business, and involve known and unknown risks and uncertainties, many of which are beyond the Group's control. 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", "aims", "anticipates", "continue", "could", "should", "expects", "is expected to", "may", "estimates", "believes", "intends", "projects", "targets", or the negative thereof, 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 publicly update or review these forward-looking statements other than as required by law.

# DEFINITIONS OF APMS

**The Group uses the following Alternative Performance Measures ('APMs') which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole**

## Pro Forma Revenue Growth

- Pro Forma Revenue Growth for continuing operations in FY18 adjusts reported revenue to exclude the impact of the Heathrow Acquisition in both years and excludes the cakes and desserts category, representing Hull and Evercreech which have been disposed of in the year. The discontinued Pro Forma Revenue Growth has been adjusted to reflect the ownership of Peacock Foods for the full period in FY17 and has excluded the Rhode Island site which ceased trading in the current year. These figures are reported on a constant currency basis.

## Adjusted EBITDA, Adjusted Operating Profit & Adjusted Operating Margin

- 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.

## Adjusted Earnings and Adjusted Earnings Per Share (‘EPS’)

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

## Adjusted Profit Before Tax ‘(PBT’)

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

# DEFINITIONS OF APMS

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

## Operating Cash Flow

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

## Free Cash Flow

- Free Cash Flow is a new APM. The Group calculates the Free Cash Flow as the net cash inflow/outflow before the following items: Strategic Capital expenditure, acquisition of undertakings, net of cash, disposal of undertakings, issue and purchase of shares, dividends paid to equity holders, translation and other cash movements.

## Net Debt

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

## Return on Invested Capital (‘ROIC’)

- 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) excluding 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 the opening and closing balance sheet and dividing by two.